

HOUSE BILL No. 1591

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-6-2-1.5; IC 6-3; IC 6-3.6-8-5; IC 20-18-2; IC 20-19-2; IC 20-20; IC 20-24; IC 20-24.2-4; IC 20-25.7; IC 20-26; IC 20-28; IC 20-29-6-7; IC 20-30; IC 20-31; IC 20-32; IC 20-33-2-13; IC 20-35-8-1; IC 20-43; IC 20-51; IC 20-52.

Synopsis: Education options account program. Establishes the education options account program (program). Requires the treasurer of state to administer the program. Establishes: (1) the education options account fund; and (2) requirements and conditions for the program. Requires the treasurer of state to: (1) annually request a parent of an eligible student who is participating in the program to complete a written survey; and (2) annually provide a summary of the survey to the governor and the legislative council. Continuously appropriates money from the education options account fund and the accounts established within the fund for the purposes of the program. Provides a \$1,000 state income tax credit for an individual who is a licensed K-12 classroom teacher with respect to state income taxes on the income earned from the individual's employment as a classroom teacher. Replaces the ISTEP test program with an assessment program developed by the state board of education (state board) and the department of education. Specifies that the assessment program may
(Continued next page)

Effective: Upon passage; July 1, 2017; January 1, 2018.

Lucas

January 23, 2017, read first time and referred to Committee on Education.



not include measures or requirements that exceed measures and requirements in the federal Every Student Succeeds Act (ESSA). Changes the definition of a probationary and professional teacher. Repeals provisions requiring a school corporation to develop and implement an annual teacher performance evaluation plan. Provides that, not later than July 1, 2018, the state board shall establish new categories or designations of school performance. Provides that the new standards of assessing school performance may not: (1) use an "A through F" grading scale; (2) use statewide assessment program test results as the primary means to assess school performance; and (3) include requirements or measures other than requirements or measures authorized under ESSA. Makes conforming and technical amendments.



First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1591

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-6-2-1.5, AS AMENDED BY P.L.149-2016,
2 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 1.5. (a) Whenever any state governmental official
4 or employee, whether elected or appointed, is made a party to a suit,
5 and the attorney general determines that said suit has arisen out of an
6 act which such official or employee in good faith believed to be within
7 the scope of the official's or employee's duties as prescribed by statute
8 or duly adopted regulation, the attorney general shall defend such
9 person throughout such action.
10 (b) Whenever a teacher (as defined in IC 20-18-2-22) is made a
11 party to a civil suit, and the attorney general determines that the suit
12 has arisen out of an act that the teacher in good faith believed was
13 within the scope of the teacher's duties in enforcing discipline policies
14 developed under IC 20-33-8-12, the attorney general shall defend the
15 teacher throughout the action.
16 (c) Not later than July 30 of each year, the attorney general, in
17 consultation with the Indiana education employment relations board



1 established in IC 20-29-3-1, shall draft and disseminate a letter by first
 2 class mail to the residence of teachers providing a summary of the
 3 teacher's rights and protections under state and federal law. ~~including~~
 4 ~~a teacher's rights and protections relating to the teacher's performance~~
 5 ~~evaluation under IC 20-28-11.5.~~

6 (d) The department of education, in consultation with the Indiana
 7 education employment relations board, shall develop a method to
 8 provide the attorney general with the names and addresses of active
 9 teachers in Indiana in order for the attorney general to disseminate the
 10 letter described in subsection (c). Names and addresses collected and
 11 provided to the attorney general under this subsection are confidential
 12 and excepted from public disclosure as provided in IC 5-14-3-4.

13 (e) Whenever a school corporation (as defined in IC 20-26-2-4) is
 14 made a party to a civil suit and the attorney general determines that the
 15 suit has arisen out of an act authorized under IC 20-30-5-0.5 or
 16 IC 20-30-5-4.5, the attorney general shall defend the school corporation
 17 throughout the action.

18 (f) A determination by the attorney general under subsection (a), (b),
 19 or (e) shall not be admitted as evidence in the trial of any such civil
 20 action for damages.

21 (g) Nothing in this chapter shall be construed to deprive any such
 22 person of the person's right to select counsel of the person's own choice
 23 at the person's own expense.

24 SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.181-2016,
 25 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2017]: Sec. 3.5. When used in this article, the term "adjusted
 27 gross income" shall mean the following:

28 (a) In the case of all individuals, "adjusted gross income" (as
 29 defined in Section 62 of the Internal Revenue Code), modified as
 30 follows:

31 (1) Subtract income that is exempt from taxation under this article
 32 by the Constitution and statutes of the United States.

33 (2) Add an amount equal to any deduction or deductions allowed
 34 or allowable pursuant to Section 62 of the Internal Revenue Code
 35 for taxes based on or measured by income and levied at the state
 36 level by any state of the United States.

37 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 38 joint return filed by a husband and wife, subtract for each spouse
 39 one thousand dollars (\$1,000).

40 (4) Subtract one thousand dollars (\$1,000) for:

41 (A) each of the exemptions provided by Section 151(c) of the
 42 Internal Revenue Code;



(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004);

(B) for taxable years beginning after December 31, 2017, one thousand five hundred dollars (\$1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A); and

(C) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(8) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant



to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(16) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal



Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(18) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(19) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(20) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(21) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(22) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(23) Subtract the amount of an annual grant amount distributed to a taxpayer's Indiana education options account under IC 20-52 that is used for a qualified expense (as defined in IC 20-52-2-10), to the extent the distribution used for the qualified expense is included in the taxpayer's adjusted federal gross income under the Internal Revenue Code.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article



- 1 by the Constitution and statutes of the United States.
- 2 (2) Add an amount equal to any deduction or deductions allowed
- 3 or allowable pursuant to Section 170 of the Internal Revenue
- 4 Code.
- 5 (3) Add an amount equal to any deduction or deductions allowed
- 6 or allowable pursuant to Section 63 of the Internal Revenue Code
- 7 for taxes based on or measured by income and levied at the state
- 8 level by any state of the United States.
- 9 (4) Subtract an amount equal to the amount included in the
- 10 corporation's taxable income under Section 78 of the Internal
- 11 Revenue Code.
- 12 (5) Add or subtract the amount necessary to make the adjusted
- 13 gross income of any taxpayer that owns property for which bonus
- 14 depreciation was allowed in the current taxable year or in an
- 15 earlier taxable year equal to the amount of adjusted gross income
- 16 that would have been computed had an election not been made
- 17 under Section 168(k) of the Internal Revenue Code to apply bonus
- 18 depreciation to the property in the year that it was placed in
- 19 service.
- 20 (6) Add an amount equal to any deduction allowed under Section
- 21 172 of the Internal Revenue Code.
- 22 (7) Add or subtract the amount necessary to make the adjusted
- 23 gross income of any taxpayer that placed Section 179 property (as
- 24 defined in Section 179 of the Internal Revenue Code) in service
- 25 in the current taxable year or in an earlier taxable year equal to
- 26 the amount of adjusted gross income that would have been
- 27 computed had an election for federal income tax purposes not
- 28 been made for the year in which the property was placed in
- 29 service to take deductions under Section 179 of the Internal
- 30 Revenue Code in a total amount exceeding twenty-five thousand
- 31 dollars (\$25,000).
- 32 (8) Add an amount equal to the amount that a taxpayer claimed as
- 33 a deduction for domestic production activities for the taxable year
- 34 under Section 199 of the Internal Revenue Code for federal
- 35 income tax purposes.
- 36 (9) Add to the extent required by IC 6-3-2-20 the amount of
- 37 intangible expenses (as defined in IC 6-3-2-20) and any directly
- 38 related interest expenses (as defined in IC 6-3-2-20) for the
- 39 taxable year that reduced the corporation's taxable income (as
- 40 defined in Section 63 of the Internal Revenue Code) for federal
- 41 income tax purposes.
- 42 (10) Add an amount equal to any deduction for dividends paid (as



defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(11) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(12) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(13) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus



depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1,



Subchapter N of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as



a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(10) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(11) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an



earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(7) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(8) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(9) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after



December 31, 2011.

SECTION 3. IC 6-3-3-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 15. (a) This section applies to an individual who, during the taxable year:**

(1) holds a license under IC 20-28 to be employed as a teacher in Indiana; and

(2) has earned income from being employed as a teacher in Indiana, and whose primary duty is providing direct classroom instruction to students in kindergarten through grade 12.

(b) An individual is entitled to a credit against the individual's state adjusted gross income tax liability for the individual's income described in subsection (a)(2). The amount of the credit is the lesser of:

(1) one thousand dollars (\$1,000); or

(2) the amount of the individual's state adjusted gross income tax liability for the taxable year, reduced by the sum of all credits for the taxable year that are applied before the application of the credit provided by this section.

SECTION 4. IC 6-3.6-8-5, AS AMENDED BY P.L.197-2016, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: **Sec. 5. (a)** Except as otherwise provided in subsection (b) and the other provisions of this article, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) deductions or exemptions from adjusted gross income;

(5) remittances;

(6) incorporation of the provisions of the Internal Revenue Code;

(7) penalties and interest; and

(8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this article.

(b) IC 6-3-3-3, IC 6-3-3-5, **IC 6-3-3-15**, and IC 6-3-5-1 do not apply to the tax imposed by this article.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department of state revenue the amount of withholdings attributable to each county. This report shall be submitted to the department of state revenue:

(1) each time the employer remits to the department the tax that



1 is withheld; and

2 (2) annually along with the employer's annual withholding report.

3 SECTION 5. IC 20-18-2-6, AS ADDED BY P.L.1-2005, SECTION
4 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
5 PASSAGE]: Sec. 6. "Graduation examination" means:

6 **(1) for school years ending before July 1, 2017, the test**
7 **designated by the board under the ISTEP program; and**

8 **(2) for school years beginning after June 30, 2017, the test**
9 **designated or purchased by the state board under**
10 **IC 20-32-5.1.**

11 SECTION 6. IC 20-18-2-10 IS REPEALED [EFFECTIVE JULY 1,
12 2017]. ~~Sec. 10: "ISTEP program" refers to the Indiana statewide testing~~
13 ~~for educational progress program developed and administered under~~
14 ~~IC 20-32-5.~~

15 SECTION 7. IC 20-18-2-16, AS AMENDED BY P.L.233-2015,
16 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2017]: Sec. 16. (a) "School corporation", for purposes of this
18 title (except IC 20-20-33, IC 20-26-1 through IC 20-26-5, IC 20-26-7,
19 ~~IC 20-28-11.5~~, IC 20-30-8, and IC 20-43), means a public school
20 corporation established by Indiana law. The term includes a:

- 21 (1) school city;
- 22 (2) school town;
- 23 (3) consolidated school corporation;
- 24 (4) metropolitan school district;
- 25 (5) township school corporation;
- 26 (6) county school corporation;
- 27 (7) united school corporation; or
- 28 (8) community school corporation.

29 (b) "School corporation", for purposes of IC 20-26-1 through
30 IC 20-26-5 and IC 20-26-7, has the meaning set forth in IC 20-26-2-4.

31 (c) "School corporation", for purposes of IC 20-20-33 and
32 IC 20-30-8, includes a charter school (as defined in IC 20-24-1-4).

33 (d) "School corporation", for purposes of IC 20-43, has the meaning
34 set forth in IC 20-43-1-23.

35 (e) "School corporation", for purposes of ~~IC 20-28-11.5~~, has the
36 ~~meaning set forth in IC 20-28-11.5-3.~~

37 ~~(f)~~ (e) "School corporation", for purposes of IC 20-35, has the
38 meaning set forth in IC 20-35-1-6.

39 SECTION 8. IC 20-18-2-20.7 IS ADDED TO THE INDIANA
40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
41 [EFFECTIVE UPON PASSAGE]: **Sec. 20.7. "Statewide assessment**
42 **program" refers to:**



1 **(1) for school years ending before July 1, 2017, the ISTEP**
 2 **program under IC 20-32-5; and**

3 **(2) for school years beginning after June 30, 2017, the**
 4 **statewide assessment program under IC 20-32-5.1.**

5 SECTION 9. IC 20-19-2-8, AS AMENDED BY P.L.286-2013,
 6 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 UPON PASSAGE]: Sec. 8. (a) In addition to any other powers and
 8 duties prescribed by law, the state board shall adopt rules under
 9 IC 4-22-2 concerning, but not limited to, the following matters:

10 (1) The designation and employment of the employees and
 11 consultants necessary for the department. The state board shall fix
 12 the compensation of employees of the department, subject to the
 13 approval of the budget committee and the governor under
 14 IC 4-12-2.

15 (2) The establishment and maintenance of standards and
 16 guidelines for media centers, libraries, instructional materials
 17 centers, or any other area or system of areas in a school where a
 18 full range of information sources, associated equipment, and
 19 services from professional media staff are accessible to the school
 20 community. With regard to library automation systems, the state
 21 board may only adopt rules that meet the standards established by
 22 the state library board for library automation systems under
 23 IC 4-23-7.1-11(b).

24 (3) The establishment and maintenance of standards for student
 25 personnel and guidance services.

26 (4) The inspection of all public schools in Indiana to determine
 27 the condition of the schools. The state board shall establish
 28 standards governing the accreditation of public schools.

29 Observance of:

30 (A) IC 20-31-4;

31 (B) IC 20-28-5-2;

32 (C) IC 20-28-6-3 through IC 20-28-6-7; **and**

33 ~~(D) IC 20-28-11.5; and~~

34 ~~(E)~~ **(D) IC 20-31-3, IC 20-32-4, IC 20-32-5 (for school years**
 35 **ending before July 1, 2017), IC 20-32-5.1 (for school years**
 36 **beginning after June 30, 2017), and IC 20-32-8;**

37 is a prerequisite to the accreditation of a school. Local public
 38 school officials shall make the reports required of them and
 39 otherwise cooperate with the state board regarding required
 40 inspections. Nonpublic schools may also request the inspection
 41 for classification purposes. Compliance with the building and site
 42 guidelines adopted by the state board is not a prerequisite of



1 accreditation.

2 (5) The distribution of funds and revenues appropriated for the
3 support of schools in the state.

4 (6) The state board may not establish an accreditation system for
5 nonpublic schools that is less stringent than the accreditation
6 system for public schools.

7 (7) A separate system for recognizing nonpublic schools under
8 IC 20-19-2-10. Recognition of nonpublic schools under this
9 subdivision constitutes the system of regulatory standards that
10 apply to nonpublic schools that seek to qualify for the system of
11 recognition.

12 (8) The establishment and enforcement of standards and
13 guidelines concerning the safety of students participating in
14 cheerleading activities.

15 (9) Subject to IC 20-28-2, the preparation and licensing of
16 teachers.

17 (b) Before final adoption of any rule, the state board shall make a
18 finding on the estimated fiscal impact that the rule will have on school
19 corporations.

20 SECTION 10. IC 20-19-2-14, AS AMENDED BY P.L.286-2013,
21 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 UPON PASSAGE]: Sec. 14. The state board shall do the following:

23 (1) Establish the educational goals of the state, developing
24 standards and objectives for local school corporations.

25 (2) Assess the attainment of the established goals.

26 (3) Assure compliance with established standards and objectives.

27 (4) Coordinate with the commission for higher education
28 (IC 21-18-1) and the department of workforce development
29 (IC 22-4.1-2) to develop entrepreneurship education programs for
30 elementary and secondary education, higher education, and
31 individuals in the work force.

32 (5) Make recommendations to the governor and general assembly
33 concerning the educational needs of the state, including financial
34 needs.

35 (6) Provide for reviews to ensure the validity and reliability of the
36 ~~ISTEP~~ **statewide assessment** program.

37 SECTION 11. IC 20-20-8-6, AS AMENDED BY P.L.2-2007,
38 SECTION 203, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE UPON PASSAGE]: Sec. 6. A report must contain the
40 following:

41 (1) The information listed in section 8 of this chapter for each of
42 the preceding three (3) years.



(2) Additional components determined under section 7(4) of this chapter.

(3) Additional information or explanation that the governing body wishes to include, including the following:

(A) Results of nationally recognized assessments of students under programs other than the **ISTEP statewide assessment** program that a school corporation, including a charter school, uses to determine if students are meeting or exceeding academic standards in grades that are tested under the **ISTEP statewide assessment** program.

(B) Results of assessments of students under programs other than the **ISTEP statewide assessment** program that a school corporation uses to determine if students are meeting or exceeding academic standards in grades that are not tested under the **ISTEP statewide assessment** program.

(C) The number and types of staff professional development programs.

(D) The number and types of partnerships with the community, business, or postsecondary education.

(E) Levels of parental participation.

SECTION 12. IC 20-20-8-8, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2017 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The report must include the following information:

(1) Student enrollment.

(2) Graduation rate (as defined in IC 20-26-13-6) and the graduation rate excluding students that receive a graduation waiver under IC 20-32-4-4.

(3) Attendance rate.

(4) The following test scores, including the number and percentage of students meeting academic standards:

(A) All state standardized assessment scores.

(B) Scores for assessments under IC 20-32-5-21 (**before its expiration on July 1, 2017**), if appropriate.

(C) For a freeway school, scores on a locally adopted assessment program, if appropriate.

(5) Average class size.

(6) The school's performance category or designation of school improvement assigned under IC 20-31-8.

(7) The number and percentage of students in the following groups or programs:



- 1 (A) Alternative education, if offered.
- 2 (B) Career and technical education.
- 3 (C) Special education.
- 4 (D) High ability.
- 5 ~~(E) Remediation.~~
- 6 ~~(F) (E) Limited English language proficiency.~~
- 7 ~~(G) (F) Students receiving free or reduced price lunch under~~
- 8 ~~the national school lunch program.~~
- 9 ~~(H) School flex program, if offered.~~
- 10 (8) Advanced placement, including the following:
- 11 (A) For advanced placement tests, the percentage of students:
- 12 (i) scoring three (3), four (4), and five (5); and
- 13 (ii) taking the test.
- 14 (B) For the Scholastic Aptitude Test:
- 15 (i) *the average* test scores for all students taking the test;
- 16 (ii) *the average* test scores for students completing the
- 17 academic honors diploma program; and
- 18 (iii) the percentage of students taking the test.
- 19 (9) Course completion, including the number and percentage of
- 20 students completing the following programs:
- 21 (A) Academic honors diploma.
- 22 (B) Core 40 curriculum.
- 23 (C) Career and technical programs.
- 24 ~~(10) The percentage of grade 8 students enrolled in algebra I.~~
- 25 ~~(11) (10) The percentage of graduates considered college and~~
- 26 ~~career ready in a manner prescribed by the state board.~~
- 27 ~~(12) (11) School safety, including:~~
- 28 (A) the number of students receiving suspension or expulsion
- 29 for the possession of alcohol, drugs, or weapons;
- 30 (B) the number of incidents reported under IC 20-33-9; and
- 31 (C) the number of bullying incidents reported under
- 32 IC 20-34-6 by category.
- 33 ~~(13) (12) Financial information and various school cost factors~~
- 34 ~~including the following: required to be provided to the office of~~
- 35 ~~management and budget under IC 20-42.5-3-5.~~
- 36 ~~(A) Expenditures per pupil.~~
- 37 ~~(B) Average teacher salary.~~
- 38 ~~(C) Remediation funding.~~
- 39 ~~(14) Interdistrict and intradistrict student mobility rates, if that~~
- 40 ~~information is available.~~
- 41 ~~(15) (13) The number and percentage of each of the following~~
- 42 ~~within the school corporation:~~



- 1 (A) Teachers who are certificated employees (as defined in
 2 IC 20-29-2-4).
 3 (B) Teachers who teach the subject area for which the teacher
 4 is certified and holds a license.
 5 (C) Teachers with national board certification.
 6 ~~(16)~~ (14) The percentage of grade 3 students reading at grade 3
 7 level.
 8 ~~(17)~~ (15) The number of students expelled, *including the number*
 9 *participating in other recognized education programs during*
 10 *their expulsion*, including the percentage of students expelled by
 11 race, grade, gender, free or reduced price lunch status, and
 12 eligibility for special education.
 13 ~~(18)~~ (16) Chronic absenteeism, which includes the number of
 14 students who have been absent from school for ten percent (10%)
 15 or more of a school year for any reason.
 16 ~~(19)~~ (17) Habitual truancy, which includes the number of students
 17 who have been absent ten (10) days or more from school within
 18 a school year without being excused or without being absent
 19 under a parental request that has been filed with the school.
 20 ~~(20)~~ (18) The number of students who have dropped out of
 21 school, including the reasons for dropping out, including the
 22 percentage of students who have dropped out by race, grade,
 23 gender, free or reduced price lunch status, and eligibility for
 24 special education.
 25 ~~(21)~~ (19) The number of out of school suspensions assigned,
 26 including the percentage of students suspended by race, grade,
 27 gender, free or reduced price lunch status, and eligibility for
 28 special education.
 29 ~~(22)~~ (20) The number of in school suspensions assigned,
 30 including the percentage of students suspended by race, grade,
 31 gender, free or reduced price lunch status, and eligibility for
 32 special education.
 33 ~~(23)~~ (21) The number of student work permits revoked.
 34 ~~(24)~~ (22) The number of students receiving an international
 35 baccalaureate diploma.
 36 (b) *Section 3(a) of this chapter does not apply to the publication of*
 37 *information required under this subsection.* This subsection applies to
 38 schools, including charter schools, located in a county having a
 39 consolidated city, including schools located in excluded cities (as
 40 defined in IC 36-3-1-7). *A separate report including the information*
 41 *reported under subsection (a) must be disaggregated by race, grade,*
 42 *gender, free or reduced price lunch status, and eligibility for special*



1 education *and must be made available on the Internet as provided in*
 2 *section 3(b) of this chapter.*

3 SECTION 13. IC 20-20-13-9, AS AMENDED BY P.L.133-2012,
 4 SECTION 188, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) This section applies to the
 6 4R's technology program described in section 6(a)(1) of this chapter.

7 (b) In addition to any other funds available under this chapter, if
 8 state funds are transferred under IC 20-32-5-19 **(before its expiration**
 9 **on July 1, 2017)** to the 4R's technology program:

10 (1) those funds do not revert to the state general fund;

11 (2) those funds shall be made available to the 4R's technology
 12 program under this chapter; and

13 (3) the department, upon approval by the governor and the budget
 14 agency, shall use those funds to award grants under this section.

15 (c) To be eligible to receive a grant under the program, a school
 16 corporation must comply with the following:

17 (1) The school corporation must apply to the department for a
 18 grant on behalf of a school within the school corporation to
 19 purchase technology equipment.

20 (2) The school corporation must certify the following:

21 (A) That the school will provide every kindergarten and grade
 22 1 student at that school the opportunity to learn reading,
 23 writing, and arithmetic using technology.

24 (B) That the school will provide daily before or after school
 25 technology laboratories for students in grades 1 through 3 who
 26 have been identified as needing remediation in reading,
 27 writing, or arithmetic.

28 (C) That the school will provide additional technology
 29 opportunities, that may include Saturday sessions, for students
 30 in other grade levels to use the technology laboratories for
 31 remediation in reading, writing, arithmetic, or mathematics.

32 (D) That the school will provide technology opportunities to
 33 students that attend remediation programs under IC 20-32-8 (if
 34 the school corporation is required to do so) or any other
 35 additional summer programs.

36 (E) That the school corporation, either through its own or the
 37 school's initiative, is able to provide a part of the costs
 38 attributable to purchasing the necessary technology equipment.

39 (3) The school corporation must include in the application the
 40 sources of and the amount of money secured under subdivision

41 (2)(E).

42 (4) The school corporation or the school must:



- 1 (A) provide teacher training services; or
- 2 (B) use vendor provided teacher training services.
- 3 (5) The school corporation must give primary consideration to the
- 4 purchase of technology equipment that includes teacher training
- 5 services.
- 6 (6) The teachers who will be using the technology equipment
- 7 must support the initiative described in this chapter.
- 8 (d) Upon review of the applications by the department, the
- 9 satisfaction of the requirements set forth in subsection (c), and subject
- 10 to the availability of funds for this purpose, the department shall award
- 11 to each eligible school corporation a grant to purchase technology
- 12 equipment under section 6(a)(1) of this chapter.
- 13 (e) The department shall monitor the compliance by the school
- 14 corporations receiving grants of the matters cited in subsection (c).
- 15 SECTION 14. IC 20-20-42.2-3, AS ADDED BY P.L.106-2016,
- 16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 17 JULY 1, 2017]: Sec. 3. As used in this chapter, "qualified teacher"
- 18 refers to a teacher who
- 19 (1) is rated as effective or highly effective in the teacher's most
- 20 recent annual performance evaluation in a plan established under
- 21 ~~IC 20-28-11.5-4~~; and
- 22 (2) works in the classroom providing instruction and who is not
- 23 instructional support personnel.
- 24 SECTION 15. IC 20-24-2.2-3, AS AMENDED BY P.L.280-2013,
- 25 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 26 JULY 1, 2017]: Sec. 3. (a) After giving at least thirty (30) days notice,
- 27 the state board may require an authorizer to appear at a hearing
- 28 conducted by the state board if the authorizer has renewed the charter
- 29 of or failed to close a charter school that does not meet the minimum
- 30 standards in the charter agreement as provided in section 2 of this
- 31 chapter, as posted on the department's Internet web site.
- 32 (b) After the hearing, the state board may implement one (1) or
- 33 more of the following actions unless the state board finds sufficient
- 34 justification for the charter school's performance under the state school
- 35 accountability system:
- 36 (1) Transfer the authorization of the charter school identified in
- 37 subsection (a) to another authorizer.
- 38 (2) Order the closure of the charter school identified in subsection
- 39 (a) at the end of the current school year.
- 40 (3) Order the reduction of any administrative fee collected under
- 41 IC 20-24-7-4 that is applicable to the charter school identified in
- 42 subsection (a). The reduction must become effective at the



beginning of the month following the month of the authorizer's hearing before the state board.

A charter school that is closed by the state board under this section may not be granted a charter by any other authorizer.

(c) In determining whether to impose consequences under subsection (b), the state board must consider the following:

(1) Enrollment of students with special challenges such as drug or alcohol addiction, prior withdrawal from school, prior incarceration, or other special circumstances.

(2) High mobility of the student population resulting from the specific purpose of the charter school.

(3) Annual improvement in the performance of students enrolled in the charter school, as measured by IC 20-31-8-1 (**before its expiration on July 1, 2018**), compared with the performance of students enrolled in the charter school in the immediately preceding school year.

SECTION 16. IC 20-24-4-1, AS AMENDED BY P.L.5-2015, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A charter must meet the following requirements:

(1) Be a written instrument.

(2) Be executed by an authorizer and an organizer.

(3) Confer certain rights, franchises, privileges, and obligations on a charter school.

(4) Confirm the status of a charter school as a public school.

(5) Be granted for:

(A) not less than three (3) years or more than seven (7) years; and

(B) a fixed number of years agreed to by the authorizer and the organizer.

(6) Provide for the following:

(A) A review by the authorizer of the charter school's performance, including the progress of the charter school in achieving the academic goals set forth in the charter, at least one (1) time in each five (5) year period while the charter is in effect.

(B) Renewal, if the authorizer and the organizer agree to renew the charter.

(C) The renewal application must include guidance from the authorizer, and the guidance must include the performance criteria that will guide the authorizer's renewal decisions.

(D) The renewal application process must, at a minimum,



provide an opportunity for the charter school to:

- (i) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;
- (ii) describe improvements undertaken or planned for the charter school; and
- (iii) detail the charter school's plans for the next charter term.

(E) Not later than October 1 in the year in which the charter school seeks renewal of a charter, the governing board of a charter school seeking renewal shall submit a renewal application to the charter authorizer under the renewal application guidance issued by the authorizer. The authorizer shall make a final ruling on the renewal application not later than March 1 after the filing of the renewal application. The March 1 deadline does not apply to any review or appeal of a final ruling. After the final ruling is issued, the charter school may obtain further review by the authorizer of the authorizer's final ruling in accordance with the terms of the charter school's charter and the protocols of the authorizer.

(7) Specify the grounds for the authorizer to:

- (A) revoke the charter before the end of the term for which the charter is granted; or
- (B) not renew a charter.

(8) Set forth the methods by which the charter school will be held accountable for achieving the educational mission and goals of the charter school, including the following:

(A) Evidence of improvement in:

- (i) assessment measures, including ~~the ISTEP and end of course assessments;~~ **statewide assessment program measures;**
- (ii) attendance rates;
- (iii) graduation rates (if appropriate);
- (iv) increased numbers of Core 40 diplomas and other college and career ready indicators including advanced placement participation and passage, dual credit participation and passage, and International Baccalaureate participation and passage (if appropriate);
- (v) increased numbers of academic honors and technical honors diplomas (if appropriate);
- (vi) student academic growth;
- (vii) financial performance and stability; and



- 1 (viii) governing board performance and stewardship,
- 2 including compliance with applicable laws, rules and
- 3 regulations, and charter terms.
- 4 (B) Evidence of progress toward reaching the educational
- 5 goals set by the organizer.
- 6 (9) Describe the method to be used to monitor the charter
- 7 school's:
- 8 (A) compliance with applicable law; and
- 9 (B) performance in meeting targeted educational performance.
- 10 (10) Specify that the authorizer and the organizer may amend the
- 11 charter during the term of the charter by mutual consent and
- 12 describe the process for amending the charter.
- 13 (11) Describe specific operating requirements, including all the
- 14 matters set forth in the application for the charter.
- 15 (12) Specify a date when the charter school will:
- 16 (A) begin school operations; and
- 17 (B) have students attending the charter school.
- 18 (13) Specify that records of a charter school relating to the
- 19 school's operation and charter are subject to inspection and
- 20 copying to the same extent that records of a public school are
- 21 subject to inspection and copying under IC 5-14-3.
- 22 (14) Specify that records provided by the charter school to the
- 23 department or authorizer that relate to compliance by the
- 24 organizer with the terms of the charter or applicable state or
- 25 federal laws are subject to inspection and copying in accordance
- 26 with IC 5-14-3.
- 27 (15) Specify that the charter school is subject to the requirements
- 28 of IC 5-14-1.5.
- 29 (16) This subdivision applies to a charter established or renewed
- 30 for an adult high school after June 30, 2014. The charter must
- 31 require:
- 32 (A) that the school will offer flexible scheduling;
- 33 (B) that students will not complete the majority of instruction
- 34 of the school's curriculum online or through remote
- 35 instruction;
- 36 (C) that the school will offer dual credit or industry
- 37 certification course work that aligns with career pathways as
- 38 recommended by the Indiana career council established by
- 39 IC 22-4.5-9-3; and
- 40 (D) a plan:
- 41 (i) to support successful program completion and to assist
- 42 transition of graduates to the workforce or to a



1 postsecondary education upon receiving a diploma from the
 2 adult high school; and
 3 (ii) to review individual student accomplishments and
 4 success after a student receives a diploma from the adult
 5 high school.

6 (b) A charter school shall set annual performance targets in
 7 conjunction with the charter school's authorizer. The annual
 8 performance targets shall be designed to help each school meet
 9 applicable federal, state, and authorizer expectations.

10 SECTION 17. IC 20-24-8-5, AS AMENDED BY P.L.141-2016,
 11 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 UPON PASSAGE]: Sec. 5. The following statutes and rules and
 13 guidelines adopted under the following statutes apply to a charter
 14 school:

- 15 (1) IC 5-11-1-9 (required audits by the state board of accounts).
- 16 (2) IC 20-39-1-1 (unified accounting system).
- 17 (3) IC 20-35 (special education).
- 18 (4) IC 20-26-5-10 (criminal history).
- 19 (5) IC 20-26-5-6 (subject to laws requiring regulation by state
 20 agencies).
- 21 (6) IC 20-28-10-12 (nondiscrimination for teacher marital status).
- 22 (7) IC 20-28-10-14 (teacher freedom of association).
- 23 (8) IC 20-28-10-17 (school counselor immunity).
- 24 (9) For conversion charter schools only if the conversion charter
 25 school elects to collectively bargain under IC 20-24-6-3(b),
 26 IC 20-28-6, IC 20-28-7.5, IC 20-28-8, IC 20-28-9, and
 27 IC 20-28-10.
- 28 (10) IC 20-33-2 (compulsory school attendance).
- 29 (11) IC 20-33-3 (limitations on employment of children).
- 30 (12) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student
 31 due process and judicial review).
- 32 (13) IC 20-33-8-16 (firearms and deadly weapons).
- 33 (14) IC 20-34-3 (health and safety measures).
- 34 (15) IC 20-33-9 (reporting of student violations of law).
- 35 (16) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative
 36 observances).
- 37 (17) IC 20-31-3, IC 20-32-4, IC 20-32-5 (**for a school year**
 38 **ending before July 1, 2017**), **IC 20-32-5.1 (for a school year**
 39 **beginning after June 30, 2017)**, IC 20-32-8, and IC 20-32-8.5,
 40 as provided in IC 20-32-8.5-2(b) (academic standards,
 41 accreditation, assessment, and remediation).
- 42 (18) IC 20-33-7 (parental access to education records).



(19) IC 20-31 (accountability for school performance and improvement).

(20) IC 20-30-5-19 (personal financial responsibility instruction).

(21) IC 20-26-5-37.3, before its expiration (career and technical education reporting).

SECTION 18. IC 20-24.2-4-3, AS AMENDED BY P.L.117-2016, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. (a) Except as specifically provided in this article and section 4 of this chapter, the following provisions of this title and a rule or guideline adopted by the state board under one (1) of the following provisions of this title do not apply to a qualified district or qualified high school:

(1) Provisions that do not apply to school corporations in general.

(2) IC 20-20 (programs administered by the state), except for IC 20-20-1 (educational service centers) and IC 20-20-8 (school corporation annual performance report).

(3) IC 20-28 (school teachers), except for IC 20-28-3-4 (teacher continuing education), IC 20-28-4-8 (hiring of transition to teaching participants; restrictions), IC 20-28-4-11 (transition to teaching participants; school corporation or subject area; transition to teaching permit), IC 20-28-5-8 (conviction of certain felonies; notice and hearing; permanent revocation of license; data base of school employees who have been reported), IC 20-28-6 (teacher contracts), IC 20-28-7.5 (cancellation of teacher contracts), IC 20-28-8 (contracts with school administrators), IC 20-28-9 (teacher salary and related payments), **and IC 20-28-10 (conditions of employment).** ~~and IC 20-28-11.5 (staff performance evaluations).~~

(4) IC 20-30 (curriculum), except for IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances), IC 20-30-5-13 (human sexuality instructional requirements), and IC 20-30-5-19 (personal financial responsibility instruction).

(5) IC 20-32 (student standards, assessments, and performance), except for IC 20-32-4 (graduation requirements), IC 20-32-5 **for a school year ending before July 1, 2017** (Indiana statewide testing for educational progress), **IC 20-32-5.1 for a school year beginning after June 30, 2017 (statewide assessment program),** and IC 20-32-8 (remediation).

(6) IC 20-37 (career and technical education).

(b) Notwithstanding any other law, a school corporation may not receive a decrease in state funding based upon the school corporation's status as a qualified district or the status of a high school within the



1 school corporation as a qualified high school, or because of the
 2 implementation of a waiver of a statute or rule that is allowed to be
 3 waived by a qualified district or qualified high school.

4 SECTION 19. IC 20-24.2-4-4, AS AMENDED BY P.L.117-2016,
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 UPON PASSAGE]: Sec. 4. The following provisions of this title and
 7 rules and guidelines adopted under the following provisions of this title
 8 apply to a qualified district or qualified high school:

9 IC 20-20-1 (educational service centers).

10 IC 20-20-8 (school corporation annual performance report).

11 IC 20-23 (organization of school corporations).

12 IC 20-26 (school corporation general administrative provisions).

13 IC 20-27 (school transportation).

14 IC 20-28-3-4 (teacher continuing education).

15 IC 20-28-4-8 (hiring of transition to teaching participants;
 16 restrictions).

17 IC 20-28-4-11 (transition to teaching participants; school
 18 corporation or subject area; transition to teaching permit).

19 IC 20-28-5-8 (conviction of certain felonies; notice and hearing;
 20 permanent revocation of license; data base of school employees
 21 who have been reported).

22 IC 20-28-6 (teacher contracts).

23 IC 20-28-7.5 (cancellation of teacher contracts).

24 IC 20-28-8 (contracts with school administrators).

25 IC 20-28-9 (teacher salary and related payments).

26 IC 20-28-10 (conditions of employment).

27 ~~IC 20-28-11.5 (staff performance evaluations).~~

28 IC 20-29 (collective bargaining for teachers).

29 IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative
 30 observances).

31 IC 20-30-5-13 (human sexuality instructional requirements).

32 IC 20-30-5-19 (personal financial responsibility instruction).

33 IC 20-31 (accountability for school performance and
 34 improvement).

35 IC 20-32-4, IC 20-32-5 (**for a school year beginning before July**
 36 **1, 2017), IC 20-32-5.1 (for a school year ending after June 30,**
 37 **2017), and IC 20-32-8 (accreditation, assessment, and**
 38 **remediation), or any other statute, rule, or guideline related to**
 39 **standardized assessments.**

40 IC 20-33 (students: general provisions).

41 IC 20-34-3 (health and safety measures).

42 IC 20-35 (special education).



1 IC 20-36 (high ability students).
 2 IC 20-39 (accounting and financial reporting procedures).
 3 IC 20-40 (government funds and accounts).
 4 IC 20-41 (extracurricular funds and accounts).
 5 IC 20-42.5 (allocation of expenditures to student instruction).
 6 IC 20-43 (state tuition support).
 7 IC 20-44 (property tax levies).
 8 IC 20-45 (general fund levies).
 9 IC 20-46 (levies other than general fund levies).
 10 IC 20-47 (related entities; holding companies; lease agreements).
 11 IC 20-48 (borrowing and bonds).
 12 IC 20-49 (state management of common school funds; state
 13 advances and loans).
 14 IC 20-50 (homeless children and foster care children).

15 SECTION 20. IC 20-25.7-4-8, AS ADDED BY P.L.214-2015,
 16 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2017]: Sec. 8. (a) Except as otherwise provided in this article,
 18 the following do not apply to an innovation network school:

- 19 (1) An Indiana statute applicable to a governing body or school
 20 corporation.
 21 (2) A rule or guideline adopted by the state board, except for
 22 those rules that assist a teacher in gaining or renewing a standard
 23 or advanced license.
 24 (3) A local regulation or policy adopted by a school corporation
 25 unless specifically incorporated in the agreement established
 26 under this chapter.

27 (b) Except as otherwise provided in this article, the following
 28 statutes apply to an innovation network school:

- 29 (1) IC 20-24-8-5 (statutes applicable to charter schools).
 30 ~~(2) IC 20-28-11.5 (staff performance evaluations).~~
 31 ~~(3) (2) IC 20-24-6 (employment of teachers and other personnel~~
 32 ~~in charter schools).~~

33 SECTION 21. IC 20-25.7-6-5, AS ADDED BY P.L.214-2015,
 34 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2017]: Sec. 5. (a) Before August 31, 2015, the state board
 36 shall develop the pilot program and establish the duties that are
 37 associated with advanced roles necessary for qualified teachers
 38 consistent with this section.

39 (b) A board may apply to the state board to participate in the pilot
 40 program beginning in the 2016-2017 or the 2017-2018 school year by
 41 submitting a proposed plan to the state board in a time frame
 42 prescribed by the state board. A proposed plan may consist of a plan



approved by the board under IC 20-25.7-4-3 as long as it meets the additional requirements provided in this section. The proposed plan must focus on the leadership capacity and commitment of the school corporation to develop career pathways that meet the requirements of this section and must be widely applicable across Indiana, as demonstrated by prior efforts to advance:

- (1) teaching excellence;
- (2) on the job development for teachers;
- (3) teacher leadership; or
- (4) leadership design.

(c) A career pathways plan developed under subsection (b) must meet, at a minimum, the following criteria:

- (1) Enable qualified teachers to progress within their career and become career pathway teachers by doing any of the following:

- (A) Assuming advanced roles that include accountability for student growth across a team of teachers.

- (B) Assuming advanced roles that include accountability as the teacher of record for more students.

- (2) Provide information in a form readily accessible to both teachers and the public concerning the criteria and the procedures for selection as a career pathway teacher.

~~(3) Require a qualified teacher to be rated as highly effective under IC 20-28-11.5-4 to be eligible to participate in the pilot program.~~

~~(4)~~ (3) Increase the amount of time during the school day for a career pathway teacher to plan, collaborate on, and participate in on the job development or leadership of other teachers.

~~(5)~~ (4) Establish equally stringent eligibility requirements for a career pathway teacher to remain in an advanced role as those required to initially attain that role.

~~(6)~~ (5) Establish a procedure for determining whether a career pathway teacher is successfully performing the additional duties associated with the career pathway.

~~(7)~~ (6) Ensure that a career pathway teacher may opt out of the career pathways plan by voluntarily relinquishing additional duties associated with the career pathway.

~~(8)~~ (7) Pay career pathway salary supplements in an amount equal to at least:

- (A) twenty-five percent (25%) of the career pathway teacher's salary based on the state average teacher salary at the time the plan is submitted if the career pathway teacher leads teams of



two (2) or more teachers and is the teacher of record for all the students served by the teaching team; or

(B) ten percent (10%) of the career pathway teacher's salary based on the state average teacher salary at the time the plan is submitted if the career pathway teacher performs additional duties or functions that are specified in the school corporation's plan and approved by the state board that enable the teacher to effectively serve additional students.

~~(9)~~ (8) Require that a career pathway teacher who

~~(A) fails to maintain a rating of highly effective under IC 20-28-11.5-4; or~~

~~(B)~~ is not successfully performing the additional duties associated with the career pathway shall be paid only the salary applicable to the career pathway teacher based on the local salary schedule adopted under IC 20-28-9-1.5 and any other local supplements that would otherwise apply to the career pathway teacher's compensation.

~~(10)~~ (9) Require that a career pathway teacher who opts out of the career pathways plan shall be paid only the salary applicable to the career pathway teacher based on the local salary schedule adopted under IC 20-28-9-1.5 and any other local supplements that would otherwise apply to the career pathway teacher's compensation.

~~(11)~~ (10) Achieve financial sustainability for career pathway salary supplements by reallocating other funds, including local, private, state, or federal funds.

~~(12)~~ (11) Develop measures for determining how the career pathways plan must do the following:

(A) Improve the quality of classroom instruction.

(B) Increase the attractiveness of teaching.

(C) Encourage the recognition, effectiveness, and retention of high quality teachers.

~~(13) Increase the reach of highly effective teachers by requiring, by the third year of implementation of the plan, that at least seventy-five percent (75%) of students in each school included in the school corporation's plan have a teacher of record, in at least language arts, mathematics, social studies, and science, who is rated as highly effective.~~

SECTION 22. IC 20-26-5-24, AS AMENDED BY P.L.118-2016, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 24. (a) An agreement under section 23 of this chapter must set out the responsibilities and rights of the public school



corporations, the institutions, and the students or persons who supervise the students and who are working jointly for a school corporation and an institution.

(b) An agreement must contain:

(1) a provision for the payment of an honorarium for consulting services by the postsecondary educational institution directly to the supervisor; **and**

(2) a provision that, if the sum paid by the institution to the supervisor should ever be lawfully determined to be a wage rather than an honorarium by an instrumentality of the United States, then the postsecondary educational institution shall be considered under the agreement to be the supervisor's part-time employer.

and

~~(3) a provision requiring a student to be supervised by a certificated employee who has been rated as either highly effective or effective on the certificated employee's latest annual performance evaluation under IC 20-28-11.5.~~

~~(c) The provision required by subsection (b)(3) must be included in an agreement entered into or renewed under this chapter after June 30, 2015. Public school corporations and postsecondary educational institutions shall revise agreements in effect on July 1, 2015, to include the provisions required by subsection (b):~~ **this subsection.**

SECTION 23. IC 20-26-11-32, AS AMENDED BY P.L.39-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) This section does not apply to a school corporation if the governing body has adopted a policy of not accepting the transfer of any student who does not have legal settlement within the school corporation.

(b) The governing body of a school corporation shall annually establish:

(1) except as provided in subsection (m), the number of transfer students the school corporation has the capacity to accept in each grade level; and

(2) the date by which requests to transfer into the school corporation must be received by the governing body.

(c) After establishing the date under subsection (b)(2), the governing body shall:

(1) publish the date on the school corporation's Internet web site; and

(2) report the date to the department.

(d) The department shall publish the dates received from school corporations under subsection (c)(2) on the department's Internet web



1 site.

2 (e) A student to whom this section applies may not request to
3 transfer under this section primarily for athletic reasons to a school
4 corporation in which the student does not have legal settlement.

5 (f) If the number of requests to transfer into a school corporation
6 received by the date established for the school corporation under
7 subsection (b)(2) exceeds the capacity established for the school
8 corporation under subsection (b)(1), each timely request must be given
9 an equal chance to be accepted, with the exception that a student
10 described in subsection (h) shall be given priority. The governing body
11 must determine which students will be admitted as transfer students to
12 each school building and each grade level within the school corporation
13 by a random drawing in a public meeting.

14 (g) Except as provided in subsections (i), (j), (k), and (m), the
15 governing body of a school corporation may not deny a request for a
16 student to transfer into the school corporation based upon the student's
17 academic record, scores on **ISTEP statewide assessment program**
18 tests, disciplinary record, or disability, or upon any other factor not
19 related to the school corporation's capacity.

20 (h) Except as provided in subsections (i), (j), and (k), the governing
21 body of a school corporation may not deny a request for a student to
22 transfer into the school corporation if the student requesting to transfer:

23 (1) is a member of a household in which any other member of the
24 household is a student in the transferee school; or

25 (2) has a parent who is an employee of the school corporation.

26 (i) A governing body of a school corporation may limit the number
27 of new transfers to a school building or grade level in the school
28 corporation:

29 (1) to ensure that a student who attends a school within the school
30 corporation as a transfer student during a school year may
31 continue to attend the school in subsequent school years; and

32 (2) to allow a student described in subsection (h) to attend a
33 school within the school corporation.

34 (j) Notwithstanding subsections (g) and (h), a governing body of a
35 school corporation may deny a request for a student to transfer to the
36 school corporation, or establish terms or conditions for enrollment that
37 prevent a student from enrolling in a school, if the student has been
38 suspended (as defined in IC 20-33-8-7) or expelled (as defined in
39 IC 20-33-8-3) during the twelve (12) months preceding the student's
40 request to transfer under this section:

41 (1) for ten (10) or more school days;

42 (2) for a violation under IC 20-33-8-16;



(3) for causing physical injury to a student, a school employee, or a visitor to the school; or

(4) for a violation of a school corporation's drug or alcohol rules.

For purposes of subdivision (1), student discipline received under IC 20-33-8-25(b)(7) for a violation described in subdivisions (2) through (4) shall be included in the calculation of the number of school days that a student has been suspended.

(k) The governing body of a school corporation with a school building that offers a special curriculum may require a student who transfers to the school building to meet the same eligibility criteria required of all students who attend the school building that offers the special curriculum.

(l) The parent of a student for whom a request to transfer is made is responsible for providing the school corporation to which the request is made with records or information necessary for the school corporation to determine whether the request to transfer may be denied under subsection (j).

(m) Notwithstanding this section, the governing body of a school corporation may authorize the school corporation to enter into an agreement with an accredited nonpublic school or charter school to allow students of the accredited nonpublic school or charter school to transfer to a school within the school corporation.

(n) A school corporation that has adopted a policy to not accept student transfers after June 30, 2013, is not prohibited from enrolling a:

(1) transfer student who attended a school within the school corporation during the 2012-2013 school year; or

(2) member of a household in which any other member of the household was a transfer student who attended a school within the school corporation during the 2012-2013 school year.

However, if a school corporation enrolls a student described in subdivision (1) or (2), the school corporation shall also allow a student or member of the same household of a student who attended an accredited nonpublic school within the attendance area of the school corporation during the 2012-2013 school year to enroll in a school within the school corporation.

SECTION 24. IC 20-26-13-5, AS AMENDED BY P.L.286-2013, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) As used in this chapter, "graduation" means the successful completion by a student of:

(1) a sufficient number of academic credits, or the equivalent of academic credits; and



(2) the graduation examination or waiver process required under IC 20-32-3 through ~~IC 20-32-5~~; **IC 20-32-5.1**; resulting in the awarding of a high school diploma or an academic honors diploma.

(b) The term does not include the granting of a general educational development diploma under IC 20-20-6 (before its repeal) or IC 22-4.1-18.

SECTION 25. IC 20-26-15-5, AS AMENDED BY P.L.286-2013, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. Notwithstanding any other law, the operation of the following is suspended for a freeway school corporation or a freeway school if the governing body of the school corporation elects to have the specific statute or rule suspended in the contract:

(1) The following statutes and rules concerning curriculum and instructional time:

IC 20-30-2-7

IC 20-30-5-8

IC 20-30-5-9

IC 20-30-5-11

511 IAC 6-7-6

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4.

(2) The following rule concerning pupil/teacher ratios:

511 IAC 6.1-4-1.

(3) The following statutes and rules concerning curricular materials:

IC 20-26-12-24

IC 20-26-12-26

IC 20-26-12-1

IC 20-26-12-2

511 IAC 6.1-5-5.

(4) 511 IAC 6-7, concerning graduation requirements.

(5) IC 20-31-4, concerning the performance based accreditation system.

(6) **For school years:**

(A) ending before July 1, 2017, IC 20-32-5, concerning the ISTEP program established under IC 20-32-5-15, if an alternative locally adopted assessment program is adopted



under section 6(7) of this chapter; and

(B) beginning after June 30, 2017, IC 20-32-5.1, concerning the statewide assessment program, if an alternative locally adopted assessment program is adopted under section 6(7) of this chapter.

SECTION 26. IC 20-26-15-6, AS AMENDED BY P.L.2-2006, SECTION 135, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. Except as provided in this chapter and notwithstanding any other law, a freeway school corporation or a freeway school may do the following during the contract period:

(1) Disregard the observance of any statute or rule that is listed in the contract.

(2) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school corporation purpose, if the lessee has not received a bid from a private entity to provide transportation equipment or services for the same purpose.

(3) Replace the budget and accounting system that is required by law with a budget or accounting system that is frequently used in the private business community. The state board of accounts may not go beyond the requirements imposed upon the state board of accounts by statute in reviewing the budget and accounting system used by a freeway school corporation or a freeway school.

(4) Establish a professional development and technology fund to be used for:

(A) professional development; or

(B) technology, including video distance learning.

However, any money deposited in the professional development and technology fund for technology purposes must be transferred to the school technology fund.

(5) Subject to subdivision (4), transfer funds obtained from sources other than state or local government taxation among any accounts of the school corporation, including a professional development and technology fund established under subdivision (4).

(6) Transfer funds obtained from property taxation and from state distributions among the general fund and the school transportation fund, subject to the following:

(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates



for the general fund and the school transportation fund before a transfer occurs under this subdivision.

(B) This subdivision does not allow a school corporation to transfer to any other fund money from the:

- (i) capital projects fund; or
- (ii) debt service fund.

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-32-5-15 **(for school years ending before July 1, 2017), and under the statewide assessment program established under IC 20-32-5.1 (for school years beginning after June 30, 2017)**, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as:

- (i) results under the ISTEP program **(for school years ending before July 1, 2017; and**
- (ii) results of the statewide assessment program established under IC 20-32-5.1 (for school years beginning after June 30, 2017).**

(D) Each student who completes a locally adopted assessment program and the student's parent have the same rights to inspection and rescoring:

- (i) for school years ending before July 1, 2017, as set forth in IC 20-32-5-9; and**
- (ii) for school years beginning after June 30, 2017, as set forth in IC 20-32-5.1.**

SECTION 27. IC 20-26-15-7, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. The minimum educational benefits that a freeway school corporation or a freeway school must produce under this chapter are the following:

- (1) An average attendance rate that increases:
 - (A) not less than two percent (2%) each school year until the average attendance rate is eighty-five percent (85%); and
 - (B) one percent (1%) each school year until the average attendance rate is ninety percent (90%).
- (2) A successful completion rate of the assessment program by meeting essential standards under the **ISTEP statewide**



1 **assessment** program (~~IC 20-32-5~~) or a locally adopted assessment
 2 program established under section 6(7) of this chapter that
 3 increases:

4 (A) not less than two percent (2%) each school year until the
 5 successful completion rate is not less than eighty-five percent
 6 (85%); and

7 (B) one percent (1%) each school year until the successful
 8 completion rate is not less than ninety percent (90%);

9 of the students in the designated grade levels under the ~~ISTEP~~
 10 **statewide** assessment program (~~IC 20-32-5~~) or the locally adopted
 11 assessment program that are grades contained in the freeway
 12 school corporation or freeway school.

13 (3) Beginning with the class of students who expect to graduate
 14 four (4) years after a freeway school corporation or a freeway
 15 school that is a high school obtains freeway status, a graduation
 16 rate as determined under 511 IAC 6.1-1-2(k) that increases:

17 (A) not less than two percent (2%) each school year until the
 18 graduation rate is not less than eighty-five percent (85%); and

19 (B) one percent (1%) each school year until the graduation rate
 20 is ninety percent (90%).

21 After a freeway school corporation or a freeway school has achieved
 22 the minimum rates required under subdivisions (1) through (3), the
 23 freeway school corporation or freeway school must either maintain the
 24 minimum required rates or show continued improvement of those rates.

25 SECTION 28. IC 20-28-3-1, AS AMENDED BY P.L.192-2014,
 26 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2017]: Sec. 1. (a) As used in this section, "teacher candidate"
 28 means an individual recommended for an initial teaching license from
 29 a teacher preparation program located in Indiana.

30 (b) As used in this section, "teacher preparation program" includes,
 31 but is not limited to, the following:

32 (1) A teacher education school or department.

33 (2) A transition to teaching program under IC 20-28-4.

34 (3) Any other entity approved by the department to offer a course
 35 of study leading to an initial teaching license.

36 (c) The department shall:

37 (1) arrange a statewide system of professional instruction for
 38 teacher education;

39 (2) accredit and review teacher preparation programs that comply
 40 with the rules of the department;

41 (3) approve content area licensure programs for particular kinds
 42 of teachers in accredited teacher preparation programs; and



(4) specify the types of licenses for individuals who complete programs of approved courses.

(d) The department shall work with teacher preparation programs to develop a system of teacher education that ensures individuals who complete teacher preparation programs are able to meet the highest professional standards.

(e) Before July 1, 2015, the department shall establish standards for the continuous improvement of program processes and the performance of individuals who complete teacher preparation programs. The state board shall adopt rules containing the standards not later than two hundred seventy (270) days after the department finishes the standards.

(f) The standards established under subsection (e) must include benchmarks for performance, including test score data for each teacher preparation entity on content area licensure tests and test score data for each teacher preparation entity on pedagogy licensure tests.

(g) Each teacher preparation program shall annually report the program's performance on the standards and benchmarks established under this section to the department. The department shall make the information reported under this subsection available to the public on the department's Internet web site. In addition to reporting performance, each teacher education school and department must report attrition, retention, and completion rates of teacher candidates for the previous three (3) calendar years.

(h) In making information available to the public on the department's Internet web site, the department shall include in the report under subsection (g), in addition to the matrix ratings described in subsection (i), the following information:

(1) Average scaled or standard scores of teacher candidates who complete teacher preparation programs on basic skills, content area, and pedagogy licensure examinations.

(2) The average number of times teacher candidates who complete a teacher preparation program take each licensing test before receiving a passing score and the percentage of teacher candidates who receive a passing score on each licensing test on the teacher candidates' first attempts.

(i) Not later than July 30, 2016, the department and the commission for higher education, in conjunction with the state board, the Independent Colleges of Indiana, Inc., and teacher preparation programs, shall establish a matrix rating system for teacher preparation programs based on the performance of the programs as demonstrated by the data collected under subsections (g) and (h) and information reported to the department under IC 20-28-11.5-9 **(before its repeal)**.



1 The matrix rating system may not rank or compare teacher preparation
 2 programs. The matrix rating system must be based on data collected for
 3 teachers who initially receive their teaching license during the previous
 4 three (3) years. The department shall make the matrix ratings available
 5 to the public on the department's Internet web site.

6 (j) Each teacher preparation program shall report to the department,
 7 in a manner prescribed by the department, the teacher preparation
 8 program's admission practices, in accordance with:

9 (1) the Council for the Accreditation of Educator Preparation
 10 standards, for teacher preparation programs accredited by the
 11 Council for the Accreditation of Educator Preparation; or

12 (2) rigorous academic entry requirements for admission into a
 13 teacher preparatory program that are equivalent to the minimum
 14 academic requirements determined by the Council for the
 15 Accreditation of Educator Preparation, for teacher preparation
 16 programs that are not accredited by the Council for the
 17 Accreditation of Educator Preparation.

18 The department shall include information reported to the department
 19 on the department's Internet web site.

20 (k) Not later than July 30, 2016, the department and the commission
 21 for higher education, in conjunction with the state board, the
 22 Independent Colleges of Indiana, Inc., and teacher preparation
 23 programs, shall establish a minimum rating under the matrix rating
 24 system established under subsection (i) that teacher preparation
 25 programs must achieve to avoid referral under subsection (l).

26 (l) Beginning July 1, 2017, and not later than each July 1 thereafter,
 27 the department shall submit a list of teacher preparation programs that
 28 do not meet the minimum rating established under subsection (k) to the
 29 commission for higher education and the Independent Colleges of
 30 Indiana, Inc. for one (1) of the following actions:

31 (1) In the case of a state educational institution, the commission
 32 for higher education shall place the teacher preparation program
 33 on an improvement plan with clear performance goals and a
 34 designated period in which the performance goals must be
 35 achieved.

36 (2) In the case of a proprietary postsecondary educational
 37 institution, the commission for higher education shall recommend
 38 to the teacher preparation program an improvement plan with
 39 clear performance goals and a designated period in which the
 40 performance goals should be achieved.

41 (3) In the case of a nonprofit college or university, the
 42 Independent Colleges of Indiana, Inc., shall coordinate a peer



review process to make recommendations to the peer institution in achieving the department's performance metrics.

SECTION 29. IC 20-28-6-7.5, AS ADDED BY P.L.90-2011, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7.5. (a) A teacher who is subject to section 8 of this chapter is not subject to this section.

(b) After ~~June 30, 2011~~, **June 30, 2017**, a teacher who:

(1) serves under contract as a teacher in a public school corporation; **and**

(2) ~~has not received a rating in an evaluation under IC 20-28-11.5 or receives a rating of ineffective in an evaluation under IC 20-28-11.5;~~

(3) ~~has not at any time before July 1, 2012, entered into a teaching contract for further service with the school corporation; and~~

(4) ~~has not received three (3) ratings in a five (5) year period of effective or highly effective in an evaluation under IC 20-28-11.5;~~

(2) **either:**

(A) **has taught in the school corporation for less than one**

(1) school year; or

(B) **has been found to be ineffective by a school corporation, based upon a policy established by the school corporation, for two (2) years in a five (5) year period;**

shall be considered a probationary teacher.

(c) After ~~June 30, 2011~~, **June 30, 2017**, a teacher who receives a rating of:

(1) effective;

(2) highly effective; or

(3) a combination of both subdivisions (1) and (2);

in an evaluation under IC 20-28-11.5 for at least three (3) years in a five (5) year or shorter period **is not a probationary teacher under subsection (b)** becomes a professional teacher by entering into a contract described in section 2 of this chapter.

(d) A professional teacher ~~who receives a rating of ineffective in an evaluation under IC 20-28-11.5 shall be considered a probationary teacher but~~ is not subject to the cancellation of the teacher's contract unless at least one (1) of the following criteria applies:

(1) ~~The teacher receives a rating of ineffective in an evaluation under IC 20-28-11.5 in the year immediately following the teacher's initial rating of ineffective.~~

(2) **(1)** The teacher's contract cancellation is due to a justifiable decrease in the number of teaching positions under IC 20-28-7.5-1(b)(3).



~~(3)~~ (2) The teacher's contract cancellation is due to conduct set forth in IC 20-28-7.5-1(b).

SECTION 30. IC 20-28-7.5-1, AS AMENDED BY P.L.239-2015, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 1. (a) This chapter applies to a teacher in a school corporation (as defined in IC 20-18-2-16(a)).

(b) A contract with a teacher may be canceled immediately in the manner set forth in sections 2 through 4 of this chapter for any of the following reasons:

(1) Immorality.

(2) Insubordination, which means a willful refusal to obey the state school laws or reasonable rules adopted for the governance of the school building or the school corporation.

(3) Incompetence. ~~including:~~

~~(A) for probationary teachers, receiving an ineffective designation on a performance evaluation or receiving two (2) consecutive improvement necessary ratings on a performance evaluation under IC 20-28-11.5; or~~

~~(B) for any teacher, receiving an ineffective designation on two (2) consecutive performance evaluations or an ineffective designation or improvement necessary rating under IC 20-28-11.5 for three (3) years of any five (5) year period.~~

(4) Neglect of duty.

(5) A conviction of an offense listed in IC 20-28-5-8(c).

(6) Other good or just cause.

(c) In addition to the reasons set forth in subsection (b), a probationary teacher's contract may be canceled for any reason relevant to the school corporation's interest in the manner set forth in sections 2 through 4 of this chapter.

(d) After June 30, 2012, the cancellation of teacher's contracts due to a justifiable decrease in the number of teaching positions shall be determined on the basis of performance rather than seniority. ~~In cases where teachers are placed in the same performance category, any of the items in IC 20-28-9-1.5(b) may be considered.~~

(e) Only the governing body may terminate, cancel, or otherwise refuse to renew a contract of a superintendent or assistant superintendent. Notice of the contract cancellation or the refusal to renew the individual's contract must be provided in the manner provided in IC 20-28-8-3(a).

SECTION 31. IC 20-28-8-5, AS ADDED BY P.L.1-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The evaluation of a principal's performance



1 may not be based wholly on the **ISTEP statewide assessment** program
 2 test scores ~~under IC 20-32-5~~ of the students enrolled at the principal's
 3 school. However, the **ISTEP statewide assessment** program test scores
 4 ~~under IC 20-32-5~~ of the students enrolled at a principal's school may be
 5 considered as one (1) of the factors in the evaluation of the principal's
 6 overall performance at the school.

7 SECTION 32. IC 20-28-9-1.5, AS AMENDED BY P.L.106-2016,
 8 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 UPON PASSAGE]: Sec. 1.5. (a) This subsection governs salary
 10 increases for a teacher employed by a school corporation.
 11 Compensation attributable to additional degrees or graduate credits
 12 earned before the effective date of a local compensation plan created
 13 under this chapter before July 1, 2015, shall continue for school years
 14 beginning after June 30, 2015. Compensation attributable to additional
 15 degrees for which a teacher has started course work before July 1,
 16 2011, and completed course work before September 2, 2014, shall also
 17 continue for school years beginning after June 30, 2015. For school
 18 years beginning after June 30, 2015, a school corporation may provide
 19 a supplemental payment to a teacher in excess of the salary specified
 20 in the school corporation's compensation plan if the teacher teaches an
 21 advanced placement course or has earned a master's degree from an
 22 accredited postsecondary educational institution in a content area
 23 directly related to the subject matter of:

- 24 (1) a dual credit course; or
- 25 (2) another course;

26 taught by the teacher. In addition, a supplemental payment may be
 27 made to an elementary school teacher who earns a master's degree in
 28 math or reading and literacy. A supplement provided under this
 29 subsection is not subject to collective bargaining, but a discussion of
 30 the supplement must be held. Such a supplement is in addition to any
 31 increase permitted under subsection (b).

32 (b) Increases or increments in a local salary range must be based
 33 upon a combination of the following factors:

- 34 (1) A combination of the following factors taken together may
- 35 account for not more than thirty-three percent (33%) of the
- 36 calculation used to determine a teacher's increase or increment:
- 37 (A) The number of years of a teacher's experience.
- 38 (B) The attainment of either:
- 39 (i) additional content area degrees beyond the requirements
- 40 for employment; or
- 41 (ii) additional content area degrees and credit hours beyond
- 42 the requirements for employment, if required under an



agreement bargained under IC 20-29.

~~(2) The results of an evaluation conducted under IC 20-28-11.5.~~

~~(3) (2) The assignment of instructional leadership roles, including the responsibility for conducting evaluations under IC 20-28-11.5.~~

~~(4) (3) The academic needs of students in the school corporation.~~

(c) Except as provided in subsection (d), a teacher rated ineffective or improvement necessary under IC 20-28-11.5 may not receive any raise or increment for the following year if the teacher's employment contract is continued. The amount that would otherwise have been allocated for the salary increase of teachers rated ineffective or improvement necessary shall be allocated for compensation of all teachers rated effective and highly effective based on the criteria in subsection (b).

(d) Subsection (c) does not apply to a teacher in the first two (2) full school years that the teacher provides instruction to students in elementary school or high school. If a teacher provides instruction to students in elementary school or high school in another state, any full school year, or its equivalent in the other state, that the teacher provides instruction counts toward the two (2) full school years under this subsection.

(e) A teacher who does not receive a raise or increment under subsection (c) may file a request with the superintendent or superintendent's designee not later than five (5) days after receiving notice that the teacher received a rating of ineffective. The teacher is entitled to a private conference with the superintendent or superintendent's designee.

~~(f) (c)~~ The department shall publish a model compensation plan with a model salary range that a school corporation may adopt. Before July 1, 2015, the department may modify the model compensation plan, as needed, to comply with subsection ~~(g)~~: **(d)**.

~~(g) (d)~~ Each school corporation shall submit its local compensation plan to the department. For a school year beginning after June 30, 2015, a local compensation plan must specify the range for teacher salaries. The department shall publish the local compensation plans on the department's Internet web site.

~~(h) (e)~~ The department shall report any noncompliance with this section to the state board.

~~(i) (f)~~ The state board shall take appropriate action to ensure compliance with this section.

~~(j) (g)~~ This chapter may not be construed to require or allow a school corporation to decrease the salary of any teacher below the salary the teacher was earning on or before July 1, 2015, if that



1 decrease would be made solely to conform to the new compensation
2 plan.

3 ~~(k)~~ **(h)** After June 30, 2011, all rights, duties, or obligations
4 established under IC 20-28-9-1 before its repeal are considered rights,
5 duties, or obligations under this section.

6 SECTION 33. IC 20-28-11.5 IS REPEALED [EFFECTIVE JULY
7 1, 2017]. (Staff Performance Evaluations).

8 SECTION 34. IC 20-29-6-7, AS AMENDED BY P.L.106-2016,
9 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2017]: Sec. 7. A school employer shall discuss with the
11 exclusive representative of certificated employees the following items:

- 12 (1) Curriculum development and revision.
- 13 (2) Selection of curricular materials.
- 14 (3) Teaching methods.
- 15 (4) Hiring, evaluation, promotion, demotion, transfer, assignment,
16 and retention of certificated employees.
- 17 (5) Student discipline.
- 18 (6) Expulsion or supervision of students.
- 19 (7) Pupil/teacher ratio.
- 20 (8) Class size or budget appropriations.
- 21 (9) Safety issues for students and employees in the workplace,
22 except those items required to be kept confidential by state or
23 federal law.
- 24 (10) Hours.
- 25 (11) Funding for a plan for a remediation program for any subset
26 of students enrolled in kindergarten through grade 12.
- 27 (12) The following nonbargainable items under IC 20-43-10-3:
28 (A) Performance grants.
29 (B) Individual performance stipends to teachers.
30 (C) Additions to base salary based on performance stipends.
- 31 ~~(13) The pre-evaluation planning session required under~~
32 ~~IC 20-28-11.5-4.~~
- 33 ~~(14) The superintendent's report to the governing body concerning~~
34 ~~staff performance evaluations required under IC 20-28-11.5-9.~~
- 35 ~~(15) (13)~~ A career pathways and mentorship plan established
36 under IC 20-20-42.2.

37 SECTION 35. IC 20-30-2-2.2, AS AMENDED BY P.L.233-2015,
38 SECTION 222, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE UPON PASSAGE]: Sec. 2.2. (a) As used in this section,
40 "eligible student" means a student in grade 11 or 12 who has:

- 41 (1) failed the ~~ISTEP+~~ graduation exam at least twice;
- 42 (2) been determined to be chronically absent, by missing ten



1 percent (10%) or more of a school year for any reason;
 2 (3) been determined to be a habitual truant, as identified under
 3 IC 20-33-2-11;
 4 (4) been significantly behind in credits for graduation, as
 5 identified by an individual's school principal;
 6 (5) previously undergone at least a second suspension from school
 7 for the school year under IC 20-33-8-14 or IC 20-33-8-15;
 8 (6) previously undergone an expulsion from school under
 9 IC 20-33-8-14, IC 20-33-8-15, or IC 20-33-8-16; or
 10 (7) been determined by the individual's principal and the
 11 individual's parent or guardian to benefit by participating in the
 12 school flex program.

13 (b) An eligible student who participates in a school flex program
 14 must:

15 (1) attend school for at least three (3) hours of instructional time
 16 per school day;
 17 (2) pursue a timely graduation;
 18 (3) provide evidence of college or technical career education
 19 enrollment and attendance or proof of employment and labor that
 20 is aligned with the student's career academic sequence under rules
 21 established by the Indiana bureau of child labor;
 22 (4) not be suspended or expelled while participating in a school
 23 flex program;
 24 (5) pursue course and credit requirements for a general diploma;
 25 and
 26 (6) maintain a ninety-five percent (95%) attendance rate.

27 (c) A school may allow an eligible student in grade 11 or 12 to
 28 complete an instructional day that consists of three (3) hours of
 29 instructional time if the student participates in the school flex program.

30 SECTION 36. IC 20-30-4-2, AS AMENDED BY P.L.233-2015,
 31 SECTION 224, IS AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE UPON PASSAGE]: Sec. 2. In consultation with the
 33 student's school counselor, after seeking consultation with each
 34 student's parents, and not later than the date on which the student
 35 completes grade 9, each student shall further develop the graduation
 36 plan developed in grade 6 under section 1.5 of this chapter to also
 37 include the following:

38 (1) The subject and skill areas of interest to the student.
 39 (2) A program of study under the college/technology preparation
 40 curriculum adopted by the state board under IC 20-30-10-2 for
 41 grades 10, 11, and 12 that meets the interests and aptitude of the
 42 student.



(3) Assurances that, upon satisfactory fulfillment of the plan, the student:

(A) is entitled to graduate; and

(B) will have taken at least the minimum variety and number of courses necessary to gain admittance to a state educational institution.

(4) An indication of assessments (other than ~~ISTEP~~ **the statewide assessment program** and the graduation examination) that the student plans to take voluntarily during grade 10 through grade 12, and which may include any of the following:

(A) The SAT Reasoning Test.

(B) The ACT test.

(C) Advanced placement exams.

(D) College readiness exams approved by the department.

(E) Workforce readiness exams approved by the department of workforce development established under IC 22-4.1-2.

SECTION 37. IC 20-31-3-1, AS AMENDED BY P.L.239-2015, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The state board shall adopt clear, concise, and jargon free state academic standards that are comparable to national and international academic standards and the college and career readiness educational standards adopted under IC 20-19-2-14.5. These academic standards must be adopted for each grade level from kindergarten through grade 12 for the following subjects:

(1) English/language arts.

(2) Mathematics.

(3) Social studies.

(4) Science.

(b) For grade levels tested under the ~~ISTEP~~ **statewide assessment** program, the academic standards must be based in part on the results of the ~~ISTEP~~ **statewide assessment** program.

SECTION 38. IC 20-31-4-6, AS AMENDED BY P.L.90-2011, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 6. The department shall determine whether the school has complied with the following legal standards for accreditation:

(1) Health and safety requirements.

(2) Minimum time requirements for school activity.

(3) Curriculum offerings.

~~(4) Development and implementation of a staff evaluation plan under IC 20-28-11.5.~~

~~(5)~~ (4) Completion of a school improvement plan that complies



with requirements developed by the state board and:

(A) focuses on academic performance; and

(B) is consistent with metrics for improvement.

SECTION 39. IC 20-31-4-10, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) During its onsite evaluation, a review panel shall review the following for a school:

(1) Teaching practices and administrative leadership in instruction.

(2) Parental and community involvement.

(3) Implementation of the ~~ISTEP~~ remediation program under IC 20-32-8 and the educational opportunity program for at-risk children.

(4) The homework policy.

(b) In addition to its review under subsection (a), the review panel shall verify compliance with the legal standards for accreditation under section 6 of this chapter.

SECTION 40. IC 20-31-7-4, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The student educational achievement fund is established to provide funds to stimulate and recognize improved student performance in meeting academic standards under the ~~ISTEP~~ **statewide assessment** program. The fund is administered by the department.

(b) The fund consists of appropriations from the general assembly.

(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 41. IC 20-31-7-6, AS AMENDED BY P.L.213-2015, SECTION 193, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The state board shall establish a system for awarding and distributing grants under this chapter. A system recommended under this section must be based on graduated levels of improvement based on ~~ISTEP~~ **statewide assessment** program standards and other assessments approved by the state board.

SECTION 42. IC 20-31-8-1, AS AMENDED BY P.L.213-2015, SECTION 195, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The performance of a school's students on the ~~ISTEP~~ **statewide assessment** program test and other assessments recommended by the department of education and approved by the state board are the primary and majority means of assessing a school's improvement.



(b) The department of education shall examine and make recommendations to the state board concerning:

- (1) performance indicators to be used as a secondary means of determining school progress;
- (2) expected progress levels, continuous improvement measures, distributional performance levels, and absolute performance levels for schools; and
- (3) an orderly transition from the performance based accreditation system to the assessment system set forth in this article.

(c) The department of education shall consider methods of measuring improvement and progress used in other states in developing recommendations under this section.

(d) The department of education may consider:

- (1) the likelihood that a student may fail a graduation exam and require a graduation waiver under IC 20-32-4-4 or IC 20-32-4-5; and
- (2) remedial needs of students who are likely to require remedial work while the students attend a postsecondary educational institution or workforce training program;

when making recommendations under this section.

(e) This section expires July 1, 2018.

SECTION 43. IC 20-31-8-2, AS AMENDED BY P.L.213-2015, SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) In addition to scores on the ~~ISTEP~~ **statewide assessment** program test and other assessments, the department shall use the performance indicators developed by the state board and the benchmarks and indicators of performance in each school corporation's annual performance report as a secondary means of assessing the performance of each school and school corporation.

(b) The department shall assess school performance in the following manner:

- (1) Compare the academic performance and growth of the individual students in each school and each school corporation with the prior academic performance and growth of the individual students in the school or school corporation and not to the performance of other schools or school corporations.
- (2) Compare the results in the annual report under IC 20-20-8 with the benchmarks and indicators of performance established in the plan for the same school.
- (3) Compare the results for a school by comparing each student's results for each grade with the student's prior year results, with an adjustment for student mobility rate.



(4) Compare the results for a school with the state average and the ninety-fifth percentile level for all assessments and performance indicators.

(c) This section expires July 1, 2018.

SECTION 44. IC 20-31-8-3, AS AMENDED BY P.L.239-2015, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The state board shall establish a number of categories, using an "A" through "F" grading scale, to designate performance based on the individual student academic performance and growth to proficiency in each school. **This subsection expires July 1, 2018.**

(b) The state board, in consultation with the department, shall define "low population schools" and shall determine the criteria for placing low population schools in categories established under subsection (a). In setting the definition and criteria for low population schools, the state board shall not penalize schools based on population. An eligible school (as defined in IC 20-51-1-4.7) may not be penalized under IC 20-51-4-9 for the sole reason that the eligible school is considered a low population school under this subsection. The state board's definition and criteria may include the placement of a school that fits the state board's definition in a "null" or "no letter grade" category.

(c) In developing metrics for the categories established under subsection (a) **or (b)**, the state board, in consultation with the department, to the extent not inconsistent with federal law, shall consider the severity of tested students' disabilities when using ~~ISTEP~~ **statewide assessment** scores as a means of assessing school performance.

SECTION 45. IC 20-31-8-4, AS AMENDED BY P.L.213-2015, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) The state board shall place each school in a category or designation of school performance once annually based on the department's findings:

(1) for a school year ending before July 1, 2018, from the assessment of performance and academic growth under section 2 of this chapter (before its expiration on July 1, 2018); and

(2) for a school year beginning after June 30, 2018, from the indicators described in section 8 of this chapter.

(b) The state board may place a school in a category or designation of school performance only if:

(1) the department has provided each school the opportunity to review, add to, or supplement the data, and to correct any errors in the data; and



(2) the state board's staff has had an opportunity to review and analyze the school corporation, school, and student level data.

(c) The state board may obtain assistance from another entity or, with the approval of the legislative council, the legislative services agency, to ensure the validity and reliability of the performance category or designation placements calculated by the department under section 2 of this chapter. The department shall provide all the data necessary to complete those calculations to the legislative services agency or to an entity designated by the state board. **This subsection expires July 1, 2018.**

SECTION 46. IC 20-31-8-5.4, AS ADDED BY P.L.2-2014, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.4. (a) Not later than November 15, 2013, the state board shall establish new categories or designations of school performance under the requirements of this chapter to replace 511 IAC 6.2-6. The new standards of assessing school performance:

(1) must be based on a measurement of individual student academic performance and growth to proficiency; and

(2) may not be based on a measurement of student performance or growth compared with peers.

511 IAC 6.2-6 is void on the effective date of the emergency or final rules adopted under this section.

(b) After July 1, 2013, the state board:

(1) shall adopt rules under IC 4-22-2; and

(2) may adopt emergency rules in the manner provided in IC 4-22-2-37.1;

to implement this chapter.

(c) An emergency rule adopted under subsection (b) expires on the earlier of:

(1) November 15, 2014; or

(2) the effective date of a rule that establishes categories or designations of school improvement described in this section and supersedes the emergency rule.

(d) Before beginning the rulemaking process to establish new categories or designations of school improvement, the state board shall report to the general assembly the proposed new categories or designations in an electronic format under IC 5-14-6.

(e) This section expires July 1, 2018.

SECTION 47. IC 20-31-8-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8. (a) Not later than July 1, 2018, the state board shall establish a statewide accountability system with new**



categories or designations of school performance under the requirements of this chapter. The new standards of assessing school performance may not:

- (1) use an "A through F" grading scale;
- (2) use statewide assessment program test results as the primary means to assess school performance; and
- (3) include requirements or measures other than requirements or measures authorized under the federal Every Student Succeeds Act (ESSA) (20 U.S.C. 6311).

(b) The statewide accountability system established under subsection (a) must be aligned to Indiana's academic standards. The accountability system must be based on the following indicators:

- (1) Proficiency on statewide assessment program tests.
- (2) English language proficiency.
- (3) For:
 - (A) a high school, the high school's graduation rate; and
 - (B) an elementary school, the academic indicator selected by the state board.
- (4) One (1) of the following:
 - (A) Student engagement.
 - (B) Teacher engagement.
 - (C) Access to and completion of advanced coursework.
 - (D) Postsecondary readiness.
 - (E) School climate and safety.
 - (F) An indicator established by the state board.

(c) The state board may weigh indicators described in this section in a manner determined by the state board, except that the indicators described in subsection (b)(1) through (b)(3) must as a whole be given more weight than an indicator described in subsection (b)(4).

SECTION 48. IC 20-32-2-2.3, AS ADDED BY P.L.219-2015, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.3. "ISTEP "Statewide assessment program test" includes any statewide, national, or international assessment that a student is required to complete.

SECTION 49. IC 20-32-5.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 5.1. Indiana Statewide Assessment Program

Sec. 1. (a) For a school year beginning after June 30, 2017, the state board shall, in consultation with the department:



(1) oversee the development and implementation of the statewide assessment program and any other statewide assessment, including:

- (A) establishment of criteria for requests for proposals;
- (B) establishment of criteria for membership of evaluation teams; and
- (C) establishment of criteria for content and format of the statewide assessment program, including the graduation examination;

(2) authorize the development and establishment of passing scores; and

(3) determine the date on which the statewide testing is administered in each school corporation.

(b) A statewide assessment developed by the state board under this chapter may not include measures or requirements that are not required under the federal Every Student Succeeds Act (ESSA) (20 U.S.C. 6311).

(c) The state superintendent, in accordance with subsection (a), is responsible for the overall development, implementation, and monitoring of the statewide assessment program.

Sec. 2. (a) To carry out the purposes described in section 1 of this chapter, the department, in accordance with section 1(a) of this chapter, shall implement a set of high quality academic assessments in math, English/language arts, and science. Except as provided in section 11 of this chapter, assessments in the following subjects must be administered to all students in grades subject to the statewide assessment program:

- (1) Math and English/language arts must be assessed yearly in grades 3 through 8, and once in grades 9 through 12.
- (2) Science must be assessed once in grades 3 through 5, grades 6 through 9, and grades 10 through 12.

(b) Statewide assessments must:

- (1) be used for purposes for which such assessments are valid and reliable, consistent with relevant, nationally recognized professional and technical testing standards;
- (2) objectively measure academic achievement, knowledge, and skills;
- (3) not evaluate or assess personal or family beliefs and attitudes or publicly disclose personally identifiable information; and
- (4) involve multiple up-to-date measures of student academic achievement, including measures of higher order thinking



skills and understanding, which may include measures of student academic growth and may be partially delivered in the form of portfolios, projects, or extended performance tasks.

Sec. 3. (a) The scoring of student responses under a statewide assessment program test:

- (1) must measure student achievement relative to the academic standards established by the state board;
- (2) must adhere to scoring rubrics and anchor papers; and
- (3) may not reflect the scorer's judgment of the values expressed by a student in the student's responses.

(b) The scores of student responses under a statewide assessment program test must be reported to the state board not later than July 1 of the year in which the statewide assessment program test is administered.

Sec. 4. Reports of student scores on a statewide assessment program test must be:

- (1) returned to the school corporation that administered the test; and
- (2) accompanied by a guide for interpreting scores.

Sec. 5. (a) After reports of student scores are returned to a school corporation under section 4 of this chapter, the school corporation shall promptly do the following:

- (1) Give each student, and the student's parent, the student's statewide assessment program test scores.
- (2) Make available for inspection to each student, and the student's parent, the following:
 - (A) A copy of all questions that are not multiple choice, gridded items, tech enhanced items, or true and false and all prompts used in assessing the student.
 - (B) A copy of the student's scored responses.
 - (C) A copy of the anchor papers and scoring rubrics used to score the student's responses.

A student's parent may request a rescoring of a student's responses to statewide assessment program test questions, including a student's essay.

(b) A student's statewide assessment program test scores may not be disclosed to the public.

(c) After the questions described in subsection (a)(2)(A) are released for inspection, the state board and the department shall:

- (1) post:
 - (A) the questions; and



- 1 (B) with the permission of the student's parent, student
 2 answers that are exemplary responses to the released
 3 questions;
 4 on the Internet web sites of the state board and the
 5 department; and
 6 (2) publicize the availability of the questions and answers to
 7 school corporations, educators, and the public.
- 8 Sec. 6. Each school corporation shall compile the total results of
 9 the school corporation's statewide assessment program tests in a
 10 manner that permits evaluation of learning progress in the school
 11 corporation. The school corporation shall make the compilation of
 12 test results available for public inspection and shall provide the
 13 compilation to the parent of each student tested by the school
 14 corporation under the statewide assessment program.
- 15 Sec. 7. The department shall develop a format for the
 16 publication by school corporations in an annual performance
 17 report of academic information as specified by the department,
 18 including statewide assessment program test scores, in a manner
 19 that a reasonable individual can easily read and understand.
- 20 Sec. 8. A school corporation shall provide statewide assessment
 21 program test results on a school by school basis to the department
 22 upon request.
- 23 Sec. 9. Upon request by the commission for higher education,
 24 the department shall provide to the commission statewide
 25 assessment program test results for those students for whom the
 26 commission, under 20 U.S.C. 1232g, has obtained consent.
- 27 Sec. 10. (a) The state superintendent shall develop a statewide
 28 assessment program testing schedule. The testing must take place
 29 during the last month of a school's academic year.
- 30 (b) The state board shall adopt rules under IC 4-22-2 to
 31 establish when a student is considered to be in grade 10 for
 32 purposes of initially taking the graduation examination.
- 33 Sec. 11. (a) A student who is a student with a disability (as
 34 defined in IC 20-35-1-8) shall be tested under this chapter with
 35 appropriate accommodations in testing materials and procedures,
 36 unless the individuals who develop the student's individualized
 37 education program determine that testing or a part of the testing
 38 under this chapter is not appropriate for the student and that an
 39 alternate assessment will be used to test the student's achievement.
- 40 (b) Any decision concerning a student who is a student with a
 41 disability (as defined in IC 20-35-1-8) regarding the student's:
 42 (1) participation in testing under this chapter;



(2) receiving accommodations in testing materials and procedures;

(3) participation in remediation under IC 20-32-8; or

(4) retention at the same grade level for consecutive school years;

shall be made in accordance with the student's individualized education program in compliance with the statewide assessment program manual and federal law.

Sec. 12. (a) If a nonpublic school seeks accreditation as authorized under IC 20-19-2-8(a)(4), the governing body of the nonpublic school is entitled to acquire at no charge from the department:

(1) the statewide assessment program test; and

(2) the scoring reports used by the department.

(b) A nonpublic school seeking accreditation must:

(1) administer the statewide assessment program test to its students at the same time that school corporations administer the test; and

(2) make available to the department the results of the nonpublic school's statewide assessment program testing.

Sec. 13. If state funds appropriated for remediation are available under IC 20-32-8 at the end of a state fiscal year, the funds:

(1) do not revert to the state general fund; and

(2) must be transferred to the 4R's technology program for use under IC 20-20-13-9.

Sec. 14. The state board shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 50. IC 20-32-8-11, AS AMENDED BY P.L.233-2015, SECTION 245, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. Notwithstanding the requirements of this chapter, any decisions made with regard to:

(1) attendance in a remediation program;

(2) ~~ISTEP~~ **statewide assessment** program testing; and

(3) the grade level placement;

for a student who is a student with a disability (as defined in IC 20-35-1-8) shall be made in accordance with the individualized education program, state law, and federal law.

SECTION 51. IC 20-33-2-13, AS AMENDED BY P.L.222-2015, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A school corporation shall record or include the following information in the official high school transcript



for a student in high school:

- (1) Attendance records.
- (2) The student's latest ~~ISTEP~~ **statewide assessment** program test results. ~~under IC 20-32-5.~~
- (3) Any secondary level and postsecondary level certificates of achievement earned by the student.
- (4) Immunization information from the immunization record the student's school keeps under IC 20-34-4-1.
- (5) Any dual credit courses taken that are included in the core transfer library under IC 21-42-5-4.

(b) A school corporation may include information on a student's high school transcript that is in addition to the requirements of subsection (a).

SECTION 52. IC 20-35-8-1, AS AMENDED BY P.L.229-2011, SECTION 195, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as provided in subsection (b), if a student with legal settlement in a school corporation is transferred to attend school in another school corporation because of a disability or multiple disabilities, the transferor corporation shall:

- (1) either:
 - (A) provide; or
 - (B) pay for, in the amount determined under section 2 of this chapter;
 any transportation that is necessary or feasible, as determined under section 2 of this chapter and the rules adopted by the state board; and
- (2) pay transfer tuition for the student to the transferee corporation in accordance with IC 20-26-11.

(b) If the student attends a school operated through:

- (1) a joint school service and supply program; or
- (2) another cooperative program;

involving the school corporation of the student's legal settlement, transportation, and other costs shall be made in amounts and at the times provided in the agreement or other arrangement made between the participating school corporations.

(c) Student data, including ~~ISTEP~~ **statewide assessment** program testing scores, academic progress, grade level, and graduation date, for a student described in subsection (a) shall be included in determinations for the school corporation in which the student has legal settlement.

SECTION 53. IC 20-43-2-1, AS AMENDED BY P.L.205-2013, SECTION 268, IS AMENDED TO READ AS FOLLOWS



[EFFECTIVE JULY 1, 2017]: Sec. 1. **Except as provided in IC 20-52**, the department shall distribute the amount appropriated by the general assembly for distribution as state tuition support in accordance with this article. If the appropriations for distribution as state tuition support are more than required under this article, any excess shall revert to the state general fund. The appropriations for state tuition support shall be made each state fiscal year under a schedule set by the budget agency and approved by the governor. However, the schedule must provide:

- (1) for at least twelve (12) payments;
- (2) that one (1) payment shall be made at least every forty (40) days; and
- (3) the total of the payments in each state fiscal year must equal the amount required under this article.

SECTION 54. IC 20-43-2-3, AS AMENDED BY P.L.213-2015, SECTION 208, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. If the total amount to be distributed:

- (1) as basic tuition support;
- (2) for honors diploma awards;
- (3) for complexity grants;
- (4) for special education grants;
- (5) for career and technical education grants;
- (6) for choice scholarships; ~~and~~
- (7) for Mitch Daniels early graduation scholarships; **and**
- (8) for education options accounts;**

for a particular state fiscal year exceeds the amounts appropriated by the general assembly for those purposes for the state fiscal year, the total amount to be distributed for those purposes to each recipient during the remaining months of the state fiscal year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 55. IC 20-43-10-3, AS AMENDED BY P.L.151-2016, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) As used in this section, "achievement test" means a:

- (1) test required by the ~~ISTEP~~ **statewide assessment** program; or
- (2) Core 40 end of course assessment for the following:
 - (A) Algebra I.
 - (B) English 10.
 - (C) Biology I.

(b) As used in this section, "graduation rate" means the percentage graduation rate for a high school in a school corporation as determined



under IC 20-26-13-10 but adjusted to reflect the pupils who meet the requirements of graduation under subsection (d).

(c) As used in this section, "test" means either:

- (1) a test required by the ~~ISTEP~~ **statewide assessment** program;
- or
- (2) a Core 40 end of course assessment.

(d) A pupil meets the requirements of graduation for purposes of this section if the pupil successfully completed:

- (1) a sufficient number of academic credits, or the equivalent of academic credits; and
- (2) the graduation examination required under IC 20-32-3 through IC 20-32-5;

that resulted in the awarding of a high school diploma or an academic honors diploma to the pupil for the school year ending in the immediately preceding state fiscal year.

(e) Determinations for a school for a state fiscal year must be made using:

- (1) the count of tests passed compared to the count of tests taken throughout the school;
- (2) the graduation rate in the high school; and
- (3) the count of pupils graduating in the high school.

(f) In determining grants under this section, a school corporation may qualify for the following two (2) grants each year:

- (1) One (1) grant under subsection (h), (i), or (j).
- (2) One (1) grant under subsection (k), (l), or (m).

(g) The sum of the two (2) grant amounts described in subsection (f), as determined for a school corporation under this section, constitutes an annual performance grant that is in addition to state tuition support. After review by the budget committee, the annual performance grant for a state fiscal year shall be distributed to the school corporation before December 5 of that state fiscal year, unless an extension of the December 5 deadline is approved for that state fiscal year under subsection (o). If the:

- (1) total amount to be distributed as performance grants for a particular state fiscal year exceeds the amount appropriated by the general assembly for performance grants for that state fiscal year, the total amount to be distributed as performance grants to school corporations shall be proportionately reduced so that the total reduction equals the amount of the excess. The amount of the reduction for a particular school corporation is equal to the total amount of the excess multiplied by a fraction. The numerator of the fraction is the amount of the performance grant that the school



corporation would have received if a reduction were not made under this section. The denominator of the fraction is the total amount that would be distributed as performance grants to all school corporations if a reduction were not made under this section; and

(2) total amount to be distributed as performance grants for a particular state fiscal year is less than the amount appropriated by the general assembly for performance grants for that state fiscal year, the total amount to be distributed as performance grants to school corporations for that particular state fiscal year shall be proportionately increased so that the total amount to be distributed equals the amount of the appropriation for that particular state fiscal year.

The performance grant received by a school corporation shall be allocated among and used only to pay cash stipends to all teachers who are rated as effective or as highly effective and employed by the school corporation as of December 1. The lead school corporation or interlocal cooperative administering a cooperative or other special education program or administering a career and technical education program, including programs managed under IC 20-26-10, IC 20-35-5, IC 20-37, or IC 36-1-7, shall award performance stipends to and carry out the other responsibilities of an employing school corporation under this section for the teachers in the special education program or career and technical education program. The amount of the distribution from an annual performance grant to an individual teacher is determined at the discretion of the governing body of the school corporation. The governing body shall differentiate between the amount of the stipend awarded to a teacher rated as a highly effective teacher and a teacher rated as an effective teacher and may differentiate between school buildings. A stipend to an individual teacher in a particular year is not subject to collective bargaining and is in addition to the minimum salary or increases in salary set under IC 20-28-9-1.5. In addition, an amount determined under the policies adopted by the governing body but not exceeding fifty percent (50%) of the amount of a stipend to an individual teacher in a particular state fiscal year beginning after June 30, 2015, becomes a permanent part of and increases the base salary of the teacher receiving the stipend for school years beginning after the state fiscal year in which the stipend is received. The addition to base salary under this section is not subject to collective bargaining, is payable from funds other than the performance grant, and is in addition to the minimum salary and increases in salary set under IC 20-28-9-1.5. The school corporation shall distribute all stipends from a performance



grant to individual teachers within twenty (20) business days of the date the department distributes the performance grant to the school corporation. Any part of the performance grant not distributed as stipends to teachers before February must be returned to the department on the earlier of the date set by the department or June 30 of that state fiscal year.

(h) Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school has more than seventy-two and five-tenths percent (72.5%) but less than ninety percent (90%) of the tests taken in the school year ending in the immediately preceding state fiscal year that receive passing scores. The grant amount for the state fiscal year is:

(1) the count of the school's passing scores on tests in the school year ending in the immediately preceding state fiscal year; multiplied by

(2) twenty-three dollars and fifty cents (\$23.50).

(i) Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school has at least ninety percent (90%) of the tests taken in the school year ending in the immediately preceding state fiscal year that receive passing scores. The grant amount for the state fiscal year is:

(1) the count of the school's passing scores on tests in the school year ending in the immediately preceding state fiscal year; multiplied by

(2) forty-seven dollars (\$47).

(j) This subsection does not apply to a school corporation in its first year of operation or to a school corporation that is entitled to a distribution under subsection (h) or (i). Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school's school year over school year percentage growth rate of achievement tests receiving passing scores was at least five percent (5%), comparing the school year ending in the immediately preceding state fiscal year to the school year immediately preceding that school year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who had a passing score on their achievement test in the school year ending in the immediately preceding state fiscal year; multiplied by

(2) forty-seven dollars (\$47).

(k) A school qualifies for a grant under this subsection if the school had a graduation rate of ninety percent (90%) or more for the school year ending in the immediately preceding state fiscal year. The grant amount for the state fiscal year is:



(1) the count of the school corporation's pupils who met the requirements for graduation for the school year ending in the immediately preceding state fiscal year; multiplied by

(2) one hundred seventy-six dollars (\$176).

(l) A school qualifies for a grant under this subsection if the school had a graduation rate greater than seventy-five percent (75%) but less than ninety percent (90%) for the school year ending in the immediately preceding state fiscal year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who met the requirements for graduation for the school year ending in the immediately preceding state fiscal year; multiplied by

(2) eighty-eight dollars (\$88).

(m) This subsection does not apply to a school in its first year of operation or to a school corporation that is entitled to a distribution under subsection (k) or (l). A school qualifies for a grant under this subsection if the school's school year over school year percentage growth in its graduation rate is at least five percent (5%), comparing the graduation rate for the school year ending in the immediately preceding state fiscal year to the graduation rate for the school year immediately preceding that school year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who met the requirements for graduation in the school year ending in the immediately preceding state fiscal year; multiplied by

(2) one hundred seventy-six dollars (\$176).

(n) This subsection applies to the state fiscal year beginning July 1, 2015, and ending June 30, 2016. Notwithstanding subsection (h), (i), or (j), the amount of the grant described in subsection (h), (i), or (j) shall be calculated using the higher of:

(1) the percentage of passing scores on ISTEP program tests for the school for the 2013-2014 school year; or

(2) the percentage of passing scores on ISTEP program tests for the school for the 2014-2015 school year.

If a grant amount for a school is calculated using the percentage described in subdivision (1), the ISTEP data from the 2013-2014 school year shall be used in the calculation of the grant amount, and the grant amount may not exceed the grant amount that the school received for the state fiscal year beginning July 1, 2014, and ending June 30, 2015, or in the case of a currently eligible school that was ineligible for a grant in the state fiscal year beginning July 1, 2014, and ending June 30, 2015, because the school had not completed the required teacher



1 evaluations, the grant amount that the school would have been entitled
 2 to receive for the state fiscal year beginning July 1, 2014, and ending
 3 June 30, 2015, if the school had been eligible. The school corporation
 4 shall distribute all stipends from a performance grant to individual
 5 teachers within twenty (20) business days of the date the department
 6 distributes the performance grant to the school corporation.

7 (o) The department, after review by the budget committee, may
 8 waive the December 5 deadline to distribute an annual performance
 9 grant to the school corporation under subsection (g) for that state fiscal
 10 year and approve an extension of that deadline to a later date within
 11 that state fiscal year, if the department determines that a waiver and
 12 extension of the deadline is in the public interest.

13 (p) This section expires June 30, 2017.

14 SECTION 56. IC 20-51-1-4.3, AS AMENDED BY P.L.233-2015,
 15 SECTION 313, IS AMENDED TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2017]: Sec. 4.3. "Eligible choice scholarship
 17 student" refers to an individual who:

- 18 (1) has legal settlement in Indiana;
- 19 (2) is at least five (5) years of age and less than twenty-two (22)
 20 years of age on the date in the school year specified in
 21 IC 20-33-2-7; and
- 22 (3) meets at least one (1) of the following conditions:

23 (A) The individual is:

- 24 (i) a student with a disability who requires special education
 25 and for whom an individualized education program has been
 26 developed under IC 20-35 or a service plan developed under
 27 511 IAC 7-34; and
- 28 (ii) a member of a household with an annual income of not
 29 more than two hundred percent (200%) of the amount
 30 required for the individual to qualify for the federal free or
 31 reduced price lunch program.

32 (B) The individual is:

- 33 (i) an individual who, because of the school corporation's
 34 residency requirement, would be required to attend a
 35 specific public school within a school corporation that has
 36 been placed in the lowest category or designation of school
 37 improvement under ~~IC 20-31-8-4~~ (has been assigned an "F"
 38 grade); **IC 20-31-8**; and
- 39 (ii) except as provided in IC 20-51-4-2.5, is a member of a
 40 household with an annual income of not more than one
 41 hundred fifty percent (150%) of the amount required for the
 42 individual to qualify for the federal free or reduced price



lunch program.

An individual to whom this clause applies is not required to attend the public school before becoming eligible for a choice scholarship, and may not be required to return to the public school if the public school is placed in a higher category or designation under ~~IC 20-31-8-4~~ **IC 20-31-8**.

(C) Except as provided in IC 20-51-4-2.5, the individual is a member of a household with an annual income of not more than one hundred fifty percent (150%) of the amount required for the individual to qualify for the federal free or reduced price lunch program and the individual was enrolled in kindergarten through grade 12, in a public school, including a charter school, in Indiana for at least two (2) semesters immediately preceding the first semester for which the individual receives a choice scholarship under IC 20-51-4.

(D) The individual or a sibling of the individual who, except as provided in IC 20-51-4-2.5, is a member of a household with an annual income of not more than one hundred fifty percent (150%) of the amount required for the individual to qualify for the federal free or reduced price lunch program and satisfies either of the following:

(i) The individual or a sibling of the individual received before July 1, 2013, a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4 in a preceding school year, including a school year that does not immediately precede a school year in which the individual receives a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4.

(ii) The individual or a sibling of the individual receives for the first time after June 30, 2013, a scholarship of at least five hundred dollars (\$500) from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4 in a preceding school year, including a school year that does not immediately precede a school year in which the individual receives a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4.

SECTION 57. IC 20-51-1-4.7, AS AMENDED BY P.L.211-2013, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.7. "Eligible school" refers to a public or nonpublic elementary school or high school that:



- (1) is located in Indiana;
- (2) requires an eligible choice scholarship student to pay tuition or transfer tuition to attend;
- (3) voluntarily agrees to enroll an eligible choice scholarship student;
- (4) is accredited by either the state board or a national or regional accreditation agency that is recognized by the state board;
- (5) administers the ~~Indiana statewide testing for educational progress (ISTEP)~~ **statewide assessment** program; ~~under IC 20-32-5;~~
- (6) is not a charter school or the school corporation in which an eligible choice scholarship student has legal settlement under IC 20-26-11; and
- (7) submits to the department only the student performance data required for a category designation under IC 20-31-8-3.

SECTION 58. IC 20-51-1-6, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) "Participating school" refers to a public or nonpublic school that:

- (1) an eligible student is required to pay tuition or transfer tuition to attend;
- (2) voluntarily agrees to enroll an eligible student;
- (3) is accredited by either the state board or a national or regional accreditation agency that is recognized by the state board; and
- (4) administers the tests under the ~~Indiana statewide testing for educational progress (ISTEP)~~ **statewide assessment** program or administers another nationally recognized and norm-referenced assessment of the school's students.

(b) The term does not include a public school in a school corporation where the eligible student has legal settlement under IC 20-26-11.

SECTION 59. IC 20-51-4-2, AS AMENDED BY P.L.211-2013, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. (a) Subject to subsection (b) **and except as provided under subsection (c)**, an eligible choice scholarship student is entitled to a choice scholarship under this chapter for each school year beginning after June 30, 2011, that the eligible choice scholarship student enrolls in an eligible school.

(b) The department may not award more than:

- (1) seven thousand five hundred (7,500) choice scholarships for the school year beginning July 1, 2011, and ending June 30, 2012; and



(2) fifteen thousand (15,000) choice scholarships for the school year beginning July 1, 2012, and ending June 30, 2013. The department shall establish the standards used to allocate choice scholarships among eligible choice scholarship students.

(c) An eligible choice scholarship student is not entitled to a choice scholarship under this chapter for a particular year if the eligible choice scholarship student receives a grant under IC 20-52 into a education options account for the same school year.

SECTION 60. IC 20-51-4-2.5 IS REPEALED [EFFECTIVE JULY 1, 2017]. Sec. 2-5. Notwithstanding IC 20-51-1-4.3(3)(B); IC 20-51-1-4.3(3)(C); or IC 20-51-1-4.3(3)(D)(ii), an individual who initially meets the income requirements under IC 20-51-1-4.3(3)(B); IC 20-51-1-4.3(3)(C); or IC 20-51-1-4.3(3)(D)(ii) and is a member of a household whose income subsequently increases is considered to meet the income requirements for as long as the individual is enrolled in a participating school and is a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.

SECTION 61. IC 20-51-4-4, AS AMENDED BY P.L.106-2016, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) The amount an eligible choice scholarship student is entitled to receive under this chapter for a school year is equal to the following:

(1) The least of the following:

(A) The sum of the tuition, transfer tuition, and fees required for enrollment or attendance of the eligible choice scholarship student at the eligible school selected by the eligible choice scholarship student for a school year that the eligible choice scholarship student (or the parent of the eligible choice scholarship student) would otherwise be obligated to pay to the eligible school.

(B) An amount equal to

(i) ninety percent (90%) of the state tuition support amount determined under section 5 of this chapter. if the eligible choice scholarship student is a member of a household with an annual income of not more than the amount required for the eligible choice scholarship student to qualify for the federal free or reduced price lunch program; and

(ii) fifty percent (50%) of the state tuition support amount determined under section 5 of this chapter if the eligible choice scholarship student is a member of a household with



an annual income of; in the case of an individual not described in section 2.5 of this chapter; not more than one hundred fifty percent (150%) of the amount required for the eligible choice scholarship student to qualify for the federal free or reduced price lunch program or; in the case of an individual described in section 2.5 of this chapter; not more than two hundred percent (200%) of the amount required for the eligible choice scholarship student to qualify for the federal free or reduced price lunch program.

(2) In addition, if the eligible choice scholarship student has been identified as eligible for special education services under IC 20-35 and the eligible school provides the necessary special education or related services to the eligible choice scholarship student, any amount that a school corporation would receive under IC 20-43-7 for the eligible choice scholarship student if the eligible choice scholarship student attended the school corporation. However, if an eligible choice scholarship student changes schools during the school year after the December 1 count under IC 20-43-7-1 of eligible pupils enrolled in special education programs and the eligible choice scholarship student enrolls in a different eligible school, any choice scholarship amounts paid to the eligible choice scholarship student for the remainder of the school year after the eligible choice scholarship student enrolls in the different eligible school shall not include amounts that a school corporation would receive under IC 20-43-7 for the eligible choice scholarship student if the eligible choice scholarship student attended the school corporation.

(b) The amount an eligible choice scholarship student is entitled to receive under this chapter if the eligible student applies for the choice scholarship under section 7(e)(2) of this chapter shall be reduced on a prorated basis in the manner prescribed in section 6 of this chapter.

SECTION 62. IC 20-52 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

ARTICLE 52. EDUCATION OPTIONS PROGRAM

Chapter 1. Application

Sec. 1. This article applies to a school year beginning after June 30, 2018, and each school year thereafter.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.



1 **Sec. 2. "Account" means a consumer directed account:**

- 2 (1) established under this article; and
 3 (2) composed of state funds deposited on behalf of an eligible
 4 student that may be used for qualified expenses.

5 **Sec. 3. (a) "Approved postsecondary educational institution"**
 6 **has the meaning set forth in IC 21-7-13-6(a).**

7 **(b) The term includes a state educational institution (as defined**
 8 **in IC 21-7-13-32).**

9 **Sec. 4. (a) "Approved service provider" means a person that:**

- 10 (1) provides education or related services; and
 11 (2) has received approval from the treasurer of state under
 12 IC 20-52-5 to receive payments for qualified expenses for the
 13 provision of education and related services.

14 **(b) The term includes an eligible school.**

15 **Sec. 5. "Eligible school" refers to a nonpublic elementary school**
 16 **or high school that:**

- 17 (1) is located in Indiana;
 18 (2) requires an eligible student to pay tuition to attend;
 19 (3) voluntarily agrees to enroll an eligible student; and
 20 (4) is accredited by either the state board or a national or
 21 regional accreditation agency that is recognized by the state
 22 board.

23 **Sec. 6. "Eligible student" means an individual who:**

- 24 (1) has legal settlement in Indiana; and
 25 (2) is at least five (5) years of age and less than twenty-two
 26 (22) years of age on August 1 of the school year in which the
 27 student applies for participation in the program.

28 **Sec. 7. "Grant funds" means the funds deposited by the**
 29 **treasurer of state into an eligible student's account under**
 30 **IC 20-52-3-6.**

31 **Sec. 8. "Person" means an individual, an eligible school, a**
 32 **corporation, a limited liability company, a partnership, or other**
 33 **legal entity.**

34 **Sec. 9. "Program" refers to the education options account**
 35 **program established by IC 20-52-3-1.**

36 **Sec. 10. "Qualified expense" refers to any of the following**
 37 **expenses related to the education of an eligible student:**

- 38 (1) Tuition, fees, and required textbooks at an eligible school.
 39 (2) Payment for the purchase of curriculum materials or any
 40 supplemental materials required to administer the
 41 curriculum.
 42 (3) Tutoring services provided by an approved service



provider who is a licensed teacher under IC 20-28-5.

(4) Tuition and fees for a nonpublic online learning program or course.

(5) Fees for:

(A) national norm referenced examinations;

(B) advanced placement examinations;

(C) any examinations necessary for admission to an approved postsecondary educational institution; or

(D) state approved industry certification assessments.

(6) Tuition, fees, and required textbooks at an approved postsecondary education institution.

(7) Qualified special services.

(8) Computer hardware or other technological devices if used for an eligible student's educational needs and approved by the treasurer of state.

(9) Contributions to:

(A) a Coverdell education savings account established under 26 U.S.C. 530 for the benefit of the eligible student; or

(B) an ABLE account (as defined in IC 12-11-14-1) established for the benefit of the eligible student.

(10) Subject to IC 20-52-3-7, fees for transportation paid to a fee-for-service transportation provider for the eligible student to travel to and from an approved service provider.

(11) Fees for the management of the account and the administration of the program as described in IC 20-52-4-3 and IC 20-52-4-4.

Sec. 11. (a) "Qualified special services" means educational services and therapies chosen by parents for a student with a disability (as defined in IC 20-35-1-8) provided by a person licensed to practice medicine or therapy in Indiana.

(b) The term includes occupational, behavioral, physical, and speech-language therapies.

Chapter 3. Establishment of the Education Options Account Program

Sec. 1. The education options account program is established.

Sec. 2. The treasurer of state shall administer the program.

Sec. 3. A parent shall qualify for the establishment of an education options account for the parent's eligible student under this article if the parent:

(1) applies for an education options account on a form supplied by the treasurer of state; and



1 **(2) signs an agreement:**

2 **(A) to provide, at a minimum, an education for the eligible**
 3 **student in at least the subjects of reading, grammar,**
 4 **mathematics, social studies, and science;**

5 **(B) to use the funds in the account only for qualified**
 6 **expenses;**

7 **(C) to comply with the rules and requirements of this**
 8 **program;**

9 **(D) not to enroll the eligible student in a school corporation**
 10 **or charter school as an eligible pupil for purposes of**
 11 **IC 20-43-4 for the same school year for which the eligible**
 12 **student would receive a grant under this article; and**

13 **(E) not to enroll in the choice scholarship program under**
 14 **IC 20-51-4 for the same school year for which the eligible**
 15 **student would receive a grant under this article.**

16 **Sec. 4. (a) If an eligible student is eligible to receive a grant**
 17 **under this article, the treasurer of state shall establish an account**
 18 **for the eligible student.**

19 **(b) Subject to subsection (d), the department shall transfer**
 20 **funds in the amount of the grant determined under subsection (c)**
 21 **to the treasurer of state for deposit in an account of the eligible**
 22 **student established by the treasurer of state under subsection (a).**

23 **(c) The amount of the grant that the department must transfer**
 24 **to the treasurer of state under subsection (b) is equal to the sum of**
 25 **the following:**

26 **(1) The last STEP of the following formula:**

27 **STEP ONE: Determine the school corporation in which the**
 28 **eligible student has legal settlement.**

29 **STEP TWO: Determine the amount of state tuition**
 30 **support that the school corporation identified under STEP**
 31 **ONE is eligible to receive under IC 20-43 for the state**
 32 **fiscal year in which the current school year begins,**
 33 **excluding amounts provided for special education grants**
 34 **under IC 20-43-7.**

35 **STEP THREE: Determine the result of:**

36 **(A) the STEP TWO amount; divided by**

37 **(B) the current ADM (as defined in IC 20-43-1-10) for**
 38 **the school corporation identified under STEP ONE for**
 39 **the state fiscal year used in STEP TWO.**

40 **(2) If the eligible student chooses not to receive special**
 41 **education or related services from a school corporation**
 42 **required to provide the services to the eligible student under**



1 **511 IAC 7-34-1, the amount the school corporation would**
 2 **receive under IC 20-43-7 for the eligible student if the eligible**
 3 **student attended the school corporation.**

4 **(d) The department shall transfer grant funds to the treasurer**
 5 **of state as described in subsection (b) at least quarterly.**

6 **Sec. 5. (a) If an eligible student who:**

7 **(1) enrolls in the program; and**

8 **(2) is eligible to receive special education funds under**
 9 **IC 20-43-7;**

10 **chooses to receive special education or related services from a**
 11 **school corporation required to provide special education or related**
 12 **services to the eligible student under 511 IAC 7-34-1, the special**
 13 **education funds under IC 20-43-7 for that student will be made**
 14 **available to the school corporation where the student receives**
 15 **special education or related services.**

16 **(b) Notwithstanding 511 IAC 7-34-1(d)(4), a public school or**
 17 **charter school is not required to make available special education**
 18 **and related services to an eligible student if the eligible student**
 19 **receives grant funds under this article and chooses not to receive**
 20 **special education or related services from a school corporation.**
 21 **This subsection may not be construed as a restriction or limitation**
 22 **on any of the rights, benefits, and protections granted to an**
 23 **individual under the federal Individuals with Disabilities**
 24 **Education Improvement Act of 2004 (20 U.S.C. 1400 et seq.).**

25 **(c) A school corporation may not include an eligible student who**
 26 **receives an amount under section 4(c)(2) of this chapter in the**
 27 **school corporation's count under IC 20-43-7.**

28 **Sec. 6. The treasurer of state shall quarterly deposit the amount**
 29 **of the grant received by the treasurer of state from the department**
 30 **under section 4 of this chapter (minus any amount deducted for**
 31 **managing the accounts and administering the program as provided**
 32 **under IC 20-52-4-3) into the eligible student's account.**

33 **Sec. 7. A parent of an eligible student may use not more than**
 34 **seven hundred fifty dollars (\$750) of the grant funds received**
 35 **under this chapter each school year for fees for transportation paid**
 36 **to a fee-for-service transportation provider for the eligible student**
 37 **to travel to and from an approved service provider.**

38 **Sec. 8. Upon entering into or renewing an agreement under this**
 39 **chapter, the treasurer of state shall provide to the parent of an**
 40 **eligible student a written explanation of the following:**

41 **(1) The authorized uses of money in the account.**

42 **(2) The responsibilities of the parent and the responsibilities**



of the treasurer of state regarding an account established under this article.

Sec. 9. (a) An agreement entered into under section 3 of this chapter:

(1) is valid for one (1) school year while the eligible student is in kindergarten through grade 12;

(2) may be renewed annually; and

(3) terminates if the eligible student:

(A) no longer resides in Indiana while eligible to receive grant funds under this article; or

(B) enrolls full time in a public school or charter school.

(b) The money in an eligible student's account at the end of the school year remains in the account.

(c) An agreement entered into under section 3 of this chapter may be terminated before the end of the school year if the parent of the eligible student notifies the treasurer of state in a manner specified by the treasurer of state.

(d) If an account terminates under this section, any amount of grant funds deposited under this article remaining in the eligible student's account reverts to the state general fund.

Sec. 10. An individual is no longer eligible to receive a grant award under this article if the eligible student:

(1) graduates from high school;

(2) receives a high school equivalency diploma; or

(3) is no longer an eligible student as defined under this article.

Sec. 11. (a) An eligible student who is no longer eligible to receive grant awards due to graduating pursuant to section 10(1) or 10(2) of this chapter and has funds remaining in the individual's account may elect to keep the account open and used for only qualified expenses until whichever occurs first:

(1) the money in the account is depleted;

(2) the account is terminated; or

(3) five (5) years after the date the individual graduates or receives a high school equivalency diploma.

(b) If the parent of a former eligible student or individual who is a former eligible student elects to keep the account open, the parent or individual shall annually renew the account by signing an agreement under section 3 of this chapter.

Sec. 12. This article does not prohibit a parent of an eligible student from making a payment for any qualified expense from a source other than the eligible student's account.



1 **Sec. 13.** The parent of an eligible student is responsible for the
 2 payment of any education or related services or expenses, including
 3 tuition and fees for qualified expenses, that is not paid from the
 4 eligible student's account.

5 **Sec. 14.** Deposits of grant funds under this article may not be
 6 treated as income or as a resource for purposes of qualifying for
 7 any other federal or state grant or program administered by the
 8 state or a political subdivision.

9 **Sec. 15.** The treasurer of state shall create an Internet web site
 10 portal that allows:

11 (1) parents to submit an application described in section 3 of
 12 this chapter;

13 (2) an eligible school and a service provider to submit the
 14 intent of the eligible school or service provider to participate
 15 in the program;

16 (3) parents to identify and select eligible schools and service
 17 providers participating in the program;

18 (4) parents and service providers to initiate payment pursuant
 19 to section 16 of this chapter;

20 (5) parents to rate the parent's experience with a service
 21 provider and the ability for other parents of eligible students
 22 to see the rating; and

23 (6) the treasurer of state to administer the program in
 24 innovative and parent friendly ways.

25 **Sec. 16. (a)** The treasurer of state shall develop a system for a
 26 parent of an eligible student to direct grant funds to an approved
 27 service provider of the parent's choice.

28 (b) The system must be integrated within the Internet web site
 29 portal created under section 15 of this chapter.

30 (c) The system must allow parents to pay an approved service
 31 provider by electronic funds transfer or automated clearing house
 32 transfer.

33 (d) The system must be commercially viable, cost effective, and
 34 parent friendly.

35 (e) The treasurer of state shall not adopt a system that relies
 36 solely on reimbursements for purchases made by parents. The
 37 system may allow for the determination of qualified expenses that
 38 require reimbursement or preapproval for purchase.

39 **Sec. 17.** Information concerning eligible students who
 40 participate in the program is confidential.

41 **Sec. 18.** The treasurer of state:

42 (1) shall adopt rules under IC 4-22-2 necessary to administer



1 this article; and

2 (2) may adopt emergency rules in the manner provided under
3 IC 4-22-2-37.1 to implement this article.

4 **Chapter 4. The Education Options Account Fund and Accounts**

5 **Sec. 1. (a)** The education options account fund is established.
6 The purpose of the fund is to provide education options for
7 students in Indiana. The fund shall be administered by the
8 treasurer of state.

9 **(b)** The fund consists of the following:

10 (1) Appropriations by the general assembly.

11 (2) Amounts transferred to the treasurer of state from the
12 department under IC 20-51-3-4.

13 (3) Gifts, grants, and donations to the fund.

14 (4) Interest and other earnings derived from investment of
15 money in the fund.

16 **(c)** The treasurer of state shall establish an account within the
17 fund for each eligible student as provided under IC 20-52-3-4. For
18 purposes of record keeping, the treasurer of state may establish
19 notional accounts that allow funds to be directed from the fund to
20 the service provider of the parent of the eligible student's choice.

21 **(d)** Subject to section 3 of this chapter, the expenses of
22 administering the fund may be paid from money in the fund.

23 **(e)** Except as provided in subsection (f), money in the fund at the
24 end of the state fiscal year does not revert to the state general fund.

25 **(f)** Any money that remains in an eligible student's account
26 established under subsection (c) upon termination of a parent
27 agreement reverts to the state general fund.

28 **(g)** Money in the fund is continuously appropriated for the
29 purpose of this article.

30 **Sec. 2.** The treasurer of state may contract with a financial
31 institution to administer and manage, with supervision of the
32 treasurer of state, the accounts.

33 **Sec. 3.** The treasurer of state may deduct an amount of not more
34 than three percent (3%) from each quarterly distribution to
35 accounts under this article to cover the costs of managing the
36 accounts and administering the program.

37 **Sec. 4.** The treasurer of state may approve, based on market
38 rates, reasonable fees that a financial institution that manages the
39 accounts may charge.

40 **Chapter 5. Approval of Service Providers**

41 **Sec. 1.** It is the intent of the general assembly to honor the
42 autonomy of service providers, including eligible schools, that



1 choose and are authorized to become approved service providers
 2 under this article. An approved service provider is not an agent of
 3 the state or federal government and therefore:

4 (1) the treasurer of state, state board, department, or any
 5 other state agency may not in any way regulate the
 6 educational program of an approved services provider that
 7 accepts money from an account under this article, including
 8 the regulation of curriculum content, religious instruction or
 9 activities, classroom teaching, teacher and staff hiring
 10 requirements, and other activities carried out by the approved
 11 service provider;

12 (2) the creation of the program does not expand the
 13 regulatory authority of the state or the state's officers to
 14 impose additional regulation of approved service providers
 15 beyond those necessary to enforce the requirements of the
 16 program; and

17 (3) an approved service provider may provide for the
 18 educational needs of students without government control.

19 Sec. 2. A person may apply to be approved to receive payment
 20 for services provided to an eligible student from grant funds
 21 awarded to the eligible student under this article. The person may
 22 apply for approval through the Internet web site portal established
 23 under IC 20-52-3-15.

24 Sec. 3. The state board shall establish standards that a person
 25 must meet to receive approval by the treasurer of state under this
 26 chapter, including the information that person is required to
 27 provide as criteria for approval.

28 Sec. 4. (a) The treasurer of state shall, not later than sixty (60)
 29 days after the treasurer of state receives a person's application for
 30 approval, notify the person as to whether the person's application
 31 has been approved or denied.

32 (b) If the treasurer of state denies a person's application, the
 33 treasurer of state shall, at the time the treasurer of state notifies
 34 the person of the denial, notify the person that the person may
 35 appeal the decision to the parent review committee established by
 36 section 10 of this chapter.

37 Sec. 5. (a) If a person meets the standards established under
 38 section 3 of this chapter, the treasurer of state shall approve the
 39 person for eligibility to receive payments for education or related
 40 services from grant funds distributed to an eligible student's
 41 account under this article.

42 (b) If the treasurer of state denies approval to a person under



1 this chapter, the person may appeal the decision to the parent
 2 review committee established by section 10 of this chapter.

3 **Sec. 6. The treasurer of state shall:**

- 4 (1) maintain a list, with names and contact information, of
 5 persons that have been approved under this chapter; and
 6 (2) post the list on the treasurer of state's Internet web site
 7 portal established under IC 20-52-3-15.

8 **Sec. 7. An approved service provider:**

- 9 (1) may not charge an eligible student participating in the
 10 program an amount greater than a similarly situated student
 11 who is receiving the same or similar services; and
 12 (2) shall provide a receipt to a parent of an eligible student for
 13 each qualified expense provided to the eligible student.

14 **Sec. 8. An approved service provider may not:**

- 15 (1) refund any part of the payment to the parent of an eligible
 16 student unless the refund is for an item that has been returned
 17 to the place of original purchase; or
 18 (2) rebate or otherwise share any part of the payment with the
 19 parent of the eligible student who made the payment.

20 **Sec. 9. (a) The treasurer of state may refuse to allow an**
 21 **approved service provider to continue participation in the program**
 22 **and revoke the approved service provider's approval status under**
 23 **this chapter if the treasurer of state determines that the approved**
 24 **service provider accepts payments made from an account under**
 25 **this article and:**

- 26 (1) has failed to provide any education or related service that
 27 is a qualified expense to an eligible student receiving
 28 education or related services from the approved service
 29 provider; or
 30 (2) has routinely failed to meet the requirements of an
 31 approved service provider under the program.

32 **(b) If the treasurer of state revokes an approved service**
 33 **provider's approval status, the treasurer of state shall, not later**
 34 **than thirty (30) days after the date of the revocation, provide notice**
 35 **of the revocation to each parent of an eligible student who paid the**
 36 **approved service provider for qualified expenses from the eligible**
 37 **student's account.**

38 **(c) A person that:**

- 39 (1) provides education or related services; and
 40 (2) has had the person's approval revoked under this chapter;
 41 may apply for approval under this chapter not earlier than two (2)
 42 years after the date of the revocation. The treasurer of state may



1 establish requirements that the person must meet before being
2 reapproved by the treasurer of state under this chapter.

3 Sec. 10. (a) The parent review committee is established. The
4 committee consists of ten (10) members. The members of the
5 committee include:

6 (1) the treasurer of state or the treasurer of state's designee;
7 and

8 (2) one (1) individual from each of Indiana's nine (9)
9 congressional districts who is a parent of an eligible student
10 and participating in the program.

11 (b) Members of the committee appointed under subsection (a)(1)
12 shall be appointed by the treasurer of state.

13 (c) Members of the committee appointed under subsection (a)(1)
14 shall serve at the pleasure of the treasurer of state.

15 (d) Members of the committee appointed under subsection (a)(1)
16 serve for one (1) year terms and may be reappointed.

17 (e) The treasurer of state or the treasurer of state's designee
18 serves as the chair of the committee.

19 (f) Members of the committee may not receive a salary per diem
20 and are not entitled to any reimbursement for mileage or any other
21 expenses incurred by a member in participating in the committee.

22 (g) The committee shall establish procedures to govern an
23 appeal by a person under section 5(b) of this chapter.

24 (h) The treasurer of state may request the committee to
25 determine whether an expenditure of grant funds from an account
26 qualifies as a qualified expense under this article.

27 (i) The treasurer of state may request the committee to review
28 appeals of service provider application denials.

29 Sec. 11. The state board shall adopt rules under IC 4-22-2 to
30 implement this chapter.

31 Chapter 6. Audits and Enforcing Compliance

32 Sec. 1. (a) The treasurer of state shall randomly audit or have
33 audited a sufficient number of accounts annually as needed to
34 ensure compliance with applicable law and the requirements of this
35 article.

36 (b) The treasurer of state may retain an independent public
37 accounting firm to annually audit accounts as provided under
38 subsection (a).

39 Sec. 2. The treasurer of state may freeze an eligible student's
40 account established under this article for:

- 41 (1) a violation of this article or law applicable to this article;
42 (2) a failure to comply with the requirements of the program;



1 or
 2 (3) the misuse of funds in the account;
 3 by a parent of an eligible student.

4 Sec. 3. The treasurer of state shall provide written notice to the
 5 parent of the eligible student that includes all the following:

6 (1) A statement that the:

7 (A) eligible student's account has been frozen; and

8 (B) parent of the eligible student may not access or use the
 9 funds in the account.

10 (2) The reasons the account has been frozen.

11 (3) A statement that the parent of the eligible student has
 12 thirty (30) days to petition the treasurer of state to request the
 13 treasurer of state reinstate the account.

14 Sec. 4. (a) If the treasurer of state does not receive a petition
 15 from a parent of an eligible student within the time established in
 16 section 3(3) of this chapter, the treasurer of state may:

17 (1) suspend the account for a specific period; or

18 (2) permanently close the account.

19 If the treasurer of state permanently closes the account, any grant
 20 funds remaining in the account revert to the state general fund.

21 (b) If an account is permanently closed under subsection (a), the
 22 eligible student is no longer eligible to participate in the program.

23 Sec. 5. (a) If the treasurer of state receives a petition from a
 24 parent of an eligible student within the thirty (30) days described
 25 in section 3(3) of this chapter, the treasurer of state shall:

26 (1) hold a hearing not later than thirty (30) days after the date
 27 the treasurer of state receives the petition;

28 (2) notify the parent of the eligible student of the time and
 29 place of the hearing; and

30 (3) conduct the hearing and proceedings in accordance with
 31 IC 4-21.5.

32 (b) Not later than thirty (30) days after the hearing, the
 33 treasurer of state shall:

34 (1) issue a decision ordering:

35 (A) permanent closure of the account and any grant funds
 36 be reverted to the state general fund;

37 (B) corrective action required to be taken by the parent of
 38 the eligible student for reinstatement of the account; or

39 (C) full reinstatement of the account; and

40 (2) furnish the written decision, including the reasons for the
 41 decision, to the parent of the eligible student.

42 (c) A parent of an eligible student may appeal the treasurer of



1 state's decision under this section.

2 **Sec. 6.** If the treasurer of state orders an eligible student's
3 account to be permanently closed, any funds in the account that are
4 not grant funds deposited into the account by the treasurer of state
5 under this article must be returned to a parent of the eligible
6 student.

7 **Sec. 7.** The treasurer of state may send notice to the attorney
8 general or the prosecuting attorney in the county in which the
9 parent of the eligible student resides if the treasurer of state
10 believes a crime has been committed.

11 **Chapter 7. Annual Survey**

12 **Sec. 1.** The treasurer of state shall annually request that a
13 parent of an eligible student who is participating in the program
14 complete a written survey that solicits the parent's:

15 (1) overall satisfaction with the program; and

16 (2) opinion on specific topics and issues relevant to the
17 effectiveness of the program.

18 **Sec. 2.** Not later than November 1, 2019, and each November 1
19 thereafter, the treasurer of state shall annually provide a summary
20 of the survey administered under section 1 of this chapter to the:

21 (1) governor; and

22 (2) legislative council in an electronic format under IC 5-14-6.

23 **SECTION 63.** [EFFECTIVE JANUARY 1, 2018] (a) IC 6-3-3-15,
24 as added by this act, applies only to taxable years beginning after
25 December 31, 2017.

26 (b) This SECTION expires June 30, 2019.

27 **SECTION 64.** An emergency is declared for this act.

